



United States Department of State
Office of Inspector General

Report of Inspection

EMBASSY BUCHAREST, ROMANIA

ISP/I-99-29

SEPTEMBER 1999

IMPORTANT NOTICE

This report is intended solely for the official use of the Department of State, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made outside the Department of State, by them or by other agencies or organizations in whole or in part, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under U.S. Code, 5 U.S. C. 552.

PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General, U.S. Department of State.

PURPOSE

The inspection covers three broad areas as set forth in the Foreign Service Act of 1980:

- **Policy Implementation** - whether policy goals and objectives are being effectively achieved; whether post operations are in consonance with the foreign policy of the United States; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management** - whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls** - whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instances of fraud, waste or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

METHODOLOGY:

In conducting this inspection, the inspectors: reviewed pertinent records in the Department and elsewhere; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on site interviews with personnel at the overseas missions, in the Department, and elsewhere; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.

OFFICE OF INSPECTOR GENERAL

INSPECTION OF EMBASSY BUCHAREST, ROMANIA

AND U.S. INFORMATION SERVICE, ROMANIA

KEY JUDGMENTS

-- The embassy does not play the role in policy implementation that it should. This is due to the inadequacy of its dialogue with Washington and to the nature of its internal management (pp. 3-5).

-- Relations between post management and the U.S. Agency for International Development (USAID) are hampered by a blurring of the difference between oversight and interference. The Ambassador has set priorities at variance with key elements in a USAID strategic plan geared to transitional economies and has made decisions traditionally reserved to the USAID director and other senior USAID management. Nonetheless, USAID programs are central to mission purposes (pp. 15-17).

-- Trade promotion, together with addressing the economic crisis and promoting economic reform, take half the Ambassador's time. While there have been notable successes in U.S. exports, investment, privatization, and economic reform, overall results are mixed due to the volatility of the business climate and complaints by some American firms of unequal advocacy (pp. 17-20).

-- Public diplomacy has benefited greatly from the Ambassador's interest, in particular from his efforts to promote the rationale for NATO's military action in Yugoslavia. The public diplomacy function, however, is of mixed quality (pp. 22-23).

-- As a Mission Performance Plan (MPP)-driven embassy, the post is basing itself on a document that is complex, diffuse, and overly ambitious. The Department has been remiss in not providing clearer and firmer guidance and by making resources available for questionable purposes. The embassy's unusual horizontal structure, an offshoot of the MPP, is not working. There are an excessive number of time-consuming committees and no country team. The Ambassador's misunderstanding of section and agency structures is disruptive and confusing. Stress levels are high, morale is not (pp. 8-9).

-- Post reporting, both political and economic, is quantitatively and qualitatively inadequate to serve the Washington foreign affairs community. It is not timely, it is weak on analysis, overly weighted towards policy prescriptions, and often tilted towards the Romanian perspective. As a result, Washington agencies have developed their own sources of information, and the embassy's credibility and influence have suffered. By mid-summer there will be only one officer in the reporting section (pp. 11-14).

-- Consular outreach and an internal website are notable mission successes. The embassy enjoys a good, service-oriented image in the American community. However, the constant focus of these activities on actual or anticipated demands from the front office, diverts time and resources from other assigned priorities (pp. 27-29).

-- The branch office at Cluj-Napoca serves little purpose and should be closed (pp. 42-43).

The inspection took place in Washington, D.C. from April 5 to April 27 and in Bucharest, Romania from June 2 to June 25, 1999. It was conducted by senior inspectors Robert E. Barbour, Alan W. Berenson, and Louis A. McCall, and by inspectors Diana M. Dameron, Linda E. Erskine, E.J. Fischer, Robert Jordan, and Michael Lynch.

OFFICE OF INSPECTOR GENERAL

INSPECTION OF EMBASSY BUCHAREST, ROMANIA

AND U.S. INFORMATION SERVICE, ROMANIA

TABLE OF CONTENTS

	<u>Page Number</u>
KEY JUDGMENTS.....	i
 <u>SECTION</u>	
I. MISSION SETTING	1
Background	1
Economic and Political Reform	1
Continuing Regional and Trans-Atlantic Integration.....	2
Bilateral Relations.....	2
II. EXECUTIVE DIRECTION AND LEADERSHIP	3
Junior Officer Program.....	5
III. POLICY IMPLEMENTATION.....	7
Privatization, U.S. Investment, and Reform of the Romanian Economy.....	7
Mission Performance Plan	8
Embassy Structure and Foreign Service National Empowerment	9
Reporting and Representation	11
Relations with USAID	14
Relations with Commerce	17
Law Enforcement Coordination	20
IV. PUBLIC DIPLOMACY.....	22
Management and Direction	22
Coordination with the Embassy and Washington	23
International Visitor Program.....	24
Use of Representation Funds.....	24
Collocating the Information Resource Center with the Foreign Commercial Service Library	25
Follow-up Contact with Returned Grantees.....	25
Lack of Attention to the Rest of Romania.....	25

Fulbright Commission.....	26
V. CONSULAR OUTREACH AND MANAGEMENT	27
Policies and Precepts.....	27
Outreach Activities, Management, and the Warden System.....	27
Warden (Liaison) System.....	29
American Citizens Protection Issues.....	30
Visa Issues.....	31
Visas Viper Program.	32
Adoption Issues.....	32
Restitution Issues.....	32
Consular Diplomatic Readiness	33
Physical Environment and Security	34
VI. SECURITY AND THE SUPPLEMENTAL APPROPRIATION.....	35
Program Overview	35
Imminent Danger Notification System	36
Chancery/Consulate Compound Perimeter	38
Vehicle Gates and Barriers.....	40
Window Protection.....	40
Consulate Perimeter Access Control Facility.....	41
Access Control Facility at the Ambassador's Residence	41
Surveillance Detection	42
VII. DIPLOMATIC READINESS.....	43
Embassy Branch Office at Cluj-Napoca	43
Administrative Operations	44
Personnel.....	45
Real Property.....	47
The Interagency Housing Board	48
Budget and Fiscal Operations	49
International Cooperative Administrative Support Services.....	49
General Services.....	49
Information Management and Year 2000 Issues.....	51
The American School.....	54
VIII. MANAGEMENT CONTROLS.....	56
Personnel.....	56
The Consular Section	58
IX. LIST OF RECOMMENDATIONS	60
X. PRINCIPAL OFFICIALS	68
XI. LIST OF ABBREVIATIONS.....	69

I. MISSION SETTING

Background

Romania is located at the crossroads of southeast Europe, bordered by Yugoslavia, Hungary, Ukraine, Bulgaria, Moldova, and the Black Sea. Romanians joke that the Black Sea is their best neighbor but, in fact, take their role in promoting regional stability seriously. While difficult issues remain, Romania has been actively involved in building bilateral and trilateral ties throughout the region. At the same time, Romania views its close relationship with the United States as a pillar of its foreign and security policy.

Declining birth rates and net outward migration contribute to negative population growth. Romania's population is estimated at 22.6 million. Most (85 percent) are Romanian Orthodox, a factor that contributed to strong public sympathy for Yugoslavia's orthodox Serb population during the Kosovo conflict. With the inclusion of Romania's ethnic Hungarian party in the ruling coalition, Romania's ethnic Hungarian minority (roughly 8 percent of the population) now has an official voice in the government's policy debate, especially on such issues as protection of language and culture.

President Ceausescu's draconian efforts in the late 1980s to repay the country's foreign debt and restructure Romania as a self-sufficient, pseudo-egalitarian, command society, cut the country off from perestroika and left the country's economy in shambles. Partly as a consequence, Romania's birth as a post-communist society was marked by greater violence than in many other parts of the region.

Economic and Political Reform

Reform moved slowly under the initial post-revolution government, headed by a former member of the Ceausescu regime. With the 1996 election of a center right coalition government, the pace of reform increased, but progress still remains uneven. The short-term pain of economic reform continues to be weighed against domestic political interests. As a result, the government has tended to lurch from crisis to crisis, leaning on international financial institutions, whose support is crucial. The U.S. role is critical in encouraging the Government of Romania to keep the reform process moving.

The early go-slow approach is reflected in current economic figures. Romania is in its third year of recession, and projections of negative growth in 1999 range from minus 4 to minus 6 percent, in part as a result of the impact of the Kosovo crisis on Romania. Inflation, which topped 150 percent in 1997, dropped to 40 percent in 1998. Inflation reached 25 percent for the first 6 months of 1999, bringing into question Romania's ability to meet its 1999 target of not more than 35 percent.

Unemployment is relatively steady at around 11 percent. This reflects, in part, continued hesitancy to press ahead on necessary tough reform measures. Roughly 40 percent

of Romanian workers are still employed by the public sector. True restructuring and privatization of the white elephant state enterprises that are a Ceausescu legacy would cause a significant short-term spike in unemployment. While there is still social support for effective economic reforms, sectoral labor discontent has occurred in some areas, including two large and violent miners' protests in 1999.

Continuing Regional and Trans-Atlantic Integration

Despite its economic difficulties, Romania has worked to become a constructive force in the region. At a high cost in declining public support, the Romanian coalition government provided strong support for North Atlantic Treaty Organization (NATO) action in Kosovo. NATO membership is a top priority for Romania and is viewed by Romanians as central to their long-term security. Romania remains committed to joining NATO at the earliest possible date, and the U.S. Mission must continue its delicate balancing act of encouraging this aspiration while helping the Romanian Government meet the requirements of membership, which include getting its economy on track.

Bilateral Relations

Romania's western orientation and its goal of membership in NATO and other western institutions include acceptance of the attendant political and economic conditions. With a democratic system now installed, the country's greatest immediate problem is to reform and restructure its former command economy.

There is a general convergence in U.S.-Romanian bilateral interests, and policy implementation is greatly facilitated by it. According to the FY 1998-00 MPP, the embassy's prime tasks are to manage Romania's expectations of rapid NATO membership and to push hard for serious reform in the armed forces and the arms industry. In the economic sector, the U.S. role is critical to encouraging the Romanian Government to keep the reform process moving. Most of the U.S. Agency for International Development's (USAID) activities are geared to this objective.

In FY 1999 Romania will receive approximately \$70 million in technical and grant assistance from all U.S. sources. Most (\$39 million) will come from the Support for East European Democracy (SEED) Act. The remainder consists primarily of grant aid to countries affected by the Kosovo crisis (\$14 million), aid for refugees (\$8 million), and various forms of grant military aid such as Foreign Military Financing, Warsaw Initiative, Partnership for Peace, and International Military Education and Training (\$9.75 million).

II. EXECUTIVE DIRECTION AND LEADERSHIP

Executive direction comes almost exclusively from the Ambassador. Taking up his post in February 1998 as, in his words, “an outsider” and recognizing the advantages of his business and political background and the disadvantages of being new to diplomacy, he brought a fresh perspective to his mission. With his desire to find new ways to do the government’s business was a determination to get away from everything that seemed conventional, bureaucratic, or tradition-bound narrow thinking. In their place he offered creative, imaginative ideas, unconventional approaches, and an agenda to “re-invent” his embassy. His quest meshed well with Washington’s own search for ideas about the nature of an embassy and for new ways to conduct foreign policy.

He instituted many changes, principal among them is a non-hierarchical, layerless, structure to put decision-makers closer to implementers. He tried to make better use of national employees’ skills and backgrounds to the point, when possible, of assigning them tasks formerly done by American officers. The purpose was to provide a “serious defined path” for policy implementation and “real, not just rhetorical, interagency cooperation”.

Internal communication has benefited from the introduction of voice mail and the installation of an embassy-wide web page. And some national employees’ status has improved with opportunities for a wider role in mission activities. Consular outreach has grown, and steps taken to integrate the American community more into mission life. Trade promotion has benefited; and the Ambassador’s active public diplomacy has been instrumental in that area. The post also claims substantial success in managing its NATO assignment and pushing for Romanian economic reforms. But the Strategic Partnership announced during a 1997 presidential visit falls short of accomplishment because of lingering disagreements with the Department over modalities and management.

Even if these new ideas are still in transition, as the Ambassador maintains, he has failed to recognize that many have not worked. At least initially, imposing them became almost an end in itself, and senior staff and post management consumed inordinate amounts of time devising a new MPP that in the end, after multiple drafts, became the Ambassador’s own formulation. Creating new structures like the 31 MPP-related strategic teams also assumed a high priority. Though conceptually rational as implementing structures, these teams have not borne their intended fruits. In comments to the Office of Inspector General (OIG), those involved in them were almost unanimous in their belief that, with several exceptions, these groups have only vague purposes and have wasted much time.

The new flat hierarchy has become a hub and wheel, with the Ambassador in the center and employees and activities radiating outwards like spokes. The effect has been to involve the Ambassador at all levels and in all details of mission activities. This has weakened agency and section chief authority but not their accountability to the Ambassador or to their Washington headquarters. National employee empowerment, as practiced in

Bucharest, has yet to prove itself. National employees' contributions to reporting have yet to be significant, and their use by the Ambassador as private advisers and as embassy interlocutors with senior host government officials threatens a confusion of roles and damages supervisor-supervised relations. The core diplomatic function of reporting has deteriorated significantly.

This is stony ground for relations with Washington, and they have not flourished. The embassy looks in a different direction. Its constituencies are not the Washington foreign affairs establishment but the economic and business communities in Romania, the local American community, and Romanian-American and Hungarian-American groups in the United States. This focus is reflected in a high percentage of embassy cables, where readers find little negative about Romania and a great deal about doing things to help it. Not all doubts about the embassy's advocacy role are justified, but isolated events sometimes feed them. In January 1999, in a classified cable of restricted distribution, the embassy proposed a program with a specific title to aid Romania and other NATO aspirants. The following month a Romanian official described such a program with the identical title as an expectation of the Romanian Government. Such incidents have harmed the post's credibility. The inadequacy and tone of its reporting also feed the doubts and questions about what is being said to the host government. In short, the policy dialogue between the Department and the post is below the norm in both quality and quantity. It lacks trust in both directions.

The Ambassador's relations with the staff have also suffered from his strong personality and insistence on his own purposes. Not one to delegate easily or to welcome counter arguments, he makes assignments--not always clearly--and then pursues the details of implementation to a much greater degree than a manager should. His probity is not questioned, and his persona has many generous and engaging features, but there is an overwhelming consensus within the mission that welcoming disagreement is not one of them. Expressions of "dissent" can mean failing to appreciate the Ambassador's innovations; doubts about them are seen as a defense of bureaucratic turf. There is little in the way of inspiring, motivating leadership.

There is a strong consensus that the Ambassador's intolerance of disagreement, an intolerance that can be strongly voiced, can bring retribution. This view was repeatedly expressed to OIG orally and in writing. The chief of mission ordered curtailment of one USAID officer, attempted to influence another agency to withdraw its senior representative by expressing lack of confidence (but not submitting a formal request for withdrawal), and told an officer who hesitated over the propriety of an instruction that the individual could be replaced. Whatever the intent of that remark, the climate at the post caused it to be taken as a threat. These events and the many voluntary curtailments that have occurred are what give birth to the consensus. The Ambassador points out that three of his closest subordinates have extended their tours, and attributes other departures to an inability to measure up to his high standards, but eight curtailments by State Department, USAID, and Foreign Commercial Service (FCS) officers in 17 months bear witness to an unhappy post. There is a general belief that it is better to produce what is wanted than to debate. Even if exaggerated, the perception is real. It chills initiative, stifles ambition, and at times causes officers and agencies to carry out assignments against their better judgment. Individual and collective performance recedes, and with it the mission's overall effectiveness. According to health unit statistics, stress and stress-related illnesses at post are unusually high.

In 44 personal questionnaires OIG received from all mission elements, the Ambassador scored an average of 3.28 out of a possible 10 in management/leadership categories. Scores in seven of them, those dealing with dissent, decisiveness, clarity, coordination, awareness, forcefulness, and objectivity were the lowest recorded by OIG for any of the 136 ambassadors, chargés d'affaires, and assistant or deputy assistant secretaries rated by their staffs since 1991. Forty-one employees responded to questionnaires on administrative matters and ranked post morale last among 42 categories. Front office management/leadership ranked 39th.

These concerns were addressed during extensive and candid OIG counseling. The Ambassador acknowledged that some staff members have had difficulty adjusting to his management style, and he insisted that with his reforms and innovations still in a transitional stage, not enough time has passed for them to prove their effectiveness or lack thereof.

Nonetheless, OIG finds that the embassy suffers from a confusion of ends and means, from too much direction and too little leadership, from a scattering of resources in un-prioritized directions, and from a failure to understand its policy responsibilities towards Washington constituencies. The Department has not been successful or sufficiently firm in guiding and, when necessary, directing embassy efforts.

Recommendation 1. The Department should monitor Embassy Bucharest's performance and, with written instructions addressing the post's responsiveness to the foreign affairs community and other agencies and its management style, provide closer supervision to it. The Department should stipulate a period for compliance with its instructions. (Action: EUR)

Recommendation 2. The Department should, by December 31, 1999, provide the Deputy Secretary and the Under Secretary for Political Affairs with an evaluation of Embassy Bucharest's effectiveness, morale, and operations and of its compliance with its instructions. If judged to be unsatisfactory, EUR should recommend that Department principals refer the matter to the White House. (Action: EUR, in coordination with D and P)

Junior Officer Program

Although no formal junior officer program exists at the embassy, junior officers generally praise the deputy chief of mission (DCM) for his accessibility and interest in issues affecting them. The DCM occasionally meets with junior officers as a group to discuss Foreign Service career and other interests, but there is no mentoring program. Besides their usual duties, junior officers participate in supporting official delegations and visitors. They indicate that their treatment as junior officers is good, but a more structured approach would improve their experience. The absence of a formal junior officer program could hinder their professional development. The DCM recognized the need for a more structured program and undertook to begin implementing one with a clear agenda and regular meetings.

Recommendation 3. Embassy Bucharest should establish a structured junior officer program that provides individualized mentoring, counseling, and evaluation

~~SENSITIVE BUT UNCLASSIFIED~~ UNCLASSIFIED

- 6 -

by the deputy chief of mission in compliance with 3 FAM 2242.4 guidance.
(Action: Embassy Bucharest)

~~SENSITIVE BUT UNCLASSIFIED~~ UNCLASSIFIED

III. POLICY IMPLEMENTATION

Preferring results to reports, Embassy Bucharest claims substantially greater accomplishment of priority policy goals--NATO and economic reform--than it is given credit for. OIG finds some justification for the embassy's position.

In the Ambassador's words, the post's responsibility was to help Romania prepare for NATO membership while discouraging the thought that entry was either just around the corner or possible without profound economic reform. NATO membership is a national Romanian goal; it does not need encouraging. The hard part was gaining acceptance of the idea that NATO membership would not be immediate and that, in the absence of economic reform, it would not be possible at all. There is evidence of the Ambassador's advocacy of this policy in press interviews, TV appearances and, in particular, a major speech stressing the conditions of NATO membership. There is no reporting record of how or whether this policy was pressed with the senior Romanian officials with whom the Ambassador maintains contact. Laying claim to its success, the post recently attributed Romanian hesitations over pushing its membership aspirations at the 1999 Washington summit to the embassy's having over-achieved its goal of managing Romania's expectations of rapid accession. Yet, while advocating realism in Bucharest, the post filed a stream of recommendations to Washington to accommodate Romanian views or needs, for example, by fixing an early date to begin the accession process.

As the 1999 Kosovo crisis developed, the Romanian Government was asked to take various supportive measures that were seen in Brussels as consistent with its NATO postulancy. Some of these were politically difficult. Romanian sympathies are heavily pro-Serb, the government is weakened by the country's deep recession, and elections loom. The embassy facilitated a positive decision by intervening with the opposition. The Ambassador and his deputy met with leading members of the opposition to explain, advocate, and seek their support. Unfortunately, the embassy did not provide Washington with a written record of these meetings. In the end, in a crucial parliamentary vote, the opposition abstained.

Privatization, U.S. Investment, and Reform of the Romanian Economy

Economic reform is similar to the NATO issue in that it is a goal to which the Romanian Government is committed. And privatization is a big part of the reform program. The principle itself needs no pushing; it is the particulars that cause difficulty. The embassy has been both active and successful in fomenting economic reform. Funded by the USAID program using Support to Eastern European Democracy (SEED) Act money, the mission has placed a number of advisors with key Romanian Government agencies and decision-makers. For example, a Federal Deposit Insurance Corporation advisor and U.S. Treasury advisors working under the USAID program with the Ministry of Finance, the National Bank, and the Romanian budget, have made valuable contributions to restructuring the banking system,

while maintaining public confidence and avoiding destabilizing runs on the banks. Likewise, a USAID-provided advisor to the president of the State Ownership Fund (SOF) energized the SOF to help privatize the economy.

Of the two state-owned banks that have been privatized, one, Bankpost, was taken over by a U.S. company, largely due to the intervention of the Ambassador working closely with General Electric Capital Corporation and with the host government. The embassy also played a significant role in the largest privatization to date of Romtelcom, the national telephone company, a key component in Romania's infrastructure. It would not have happened without the leadership of the Ambassador and a well-coordinated team effort.

Promoting investment, privatization, and trade promotion occupy more than half the Ambassador's time, besides the efforts of the Foreign Commercial Service (FCS). Here, results are less clear since it is not possible to attribute a single factor, like embassy efforts, to the results. Nonetheless, U.S. investment is up 40 percent and exports to Romania are up 30.5 percent over 1997. Obstacles include more than 2 years of declining gross domestic product, the Russian financial crisis, tough conditionalities set by the international financial institutions to help avoid a debt crisis, a banking crisis, and the Kosovo crisis which limited commerce along the Danube River (see Relations with Commerce below).

Mission Performance Plan

The Mission Performance Plan (MPP) is the defining document for the embassy, which describes itself as MPP-driven. As an internal embassy document makes clear, after multiple staff-produced drafts, the Ambassador became the architect as well as the driver. The FY 1998-00 MPP has six mission goals: regional security, democracy, broadly based economic growth, protection of American citizens, humanitarian assistance, and the environment. There are also 112 objectives, all praiseworthy, but many vague or undeserving of the policy importance accorded them. Collectively, with most at the same priority level, they blur the plan's strategic focus. There are no established baselines, benchmarks, or performance measures to gauge progress. The lack of performance indicators and use of invalid indicators, as well as the reluctance of chiefs of mission to prioritize their goals and objectives, are common shortcomings addressed in a recent Department memorandum from the Strategic Planning Management Group. Some objectives in Embassy Bucharest's MPP are actually activities. The number of objectives, which proliferated to 143 in the FY 1999-01 MPP, raises questions about the embassy's ability to manage the workload and deliver results.

The embassy's effort uses 31 strategic teams and a capstone implementation team. As a form of teaming, they offer topic-specific coordination by a broad-based membership, which includes FSNs with a detailed knowledge of some of the subjects. By posting the teams' monthly status reports on the internal website, all employees can be kept informed of mission activities. However, these reports were not shared with the Department. Two teams, one titled "Preparations for NATO" and the other "Anti-corruption," similar to the military affairs and law enforcement coordinating groups in other embassies, serve a useful purpose in Bucharest. The remaining 29 are less favorably viewed by the participants; they expressed near unanimity to OIG that, until the frequency of meetings fell off in 1999, they expended so much time and effort into preparing, holding, and summarizing meetings, that the time available for implementation was greatly reduced. The teams also suffered from their

products being mostly for internal use and their sessions being unclassified because of FSN participation.

In addition, with so many teams and so few people to staff them, employees serve on multiple teams. One solution the Ambassador repeatedly sought was to add FSNs, personal services agreements (PSAs), or additional contractor or grantee employees. Missionwide, 10 FSNs and 2 local-hire Americans filled new MPP-related positions in the past 17 months, but none filled the consular anti-fraud position pending since 1997 (see Recommendation 28).

The MPP did not receive Washington approval in its last iteration, because the draft was still being discussed when the next annual cycle began. The Department and other foreign affairs agencies must bear a share of the responsibility for not providing clearer and firmer guidance during the MPP process. This has left other agencies unsure of the status of the document on which they were asked to align their own agency country plans. Where no new resources are provided, proposed new activities should be challenged by either the MPP strategy team or the implementation team for their impact on existing program commitments, resources, focus, and internal consistency. In its present nebulous state, the MPP is less an interagency consensus than a compendium of the Ambassador's policy goals.

Recommendation 4. The Department should provide Embassy Bucharest with clear and firm guidance to streamline and simplify the Mission Performance Plan by reducing the number of activities and prioritizing objectives, eliminating the least important. (Action: EUR, in coordination with S/RPP, M/P, and Embassy Bucharest)

Recommendation 5. Embassy Bucharest should, on a semi-annual basis, review the outcome of Mission Performance Plan activities to eliminate those that do not result in the attainment of performance goals. (Action: Embassy Bucharest, in coordination with EUR)

While winnowing out the chaff from the MPP is important, objectives with a high priority need to be included (see also Relations with Commerce below). Presidents Clinton and Constantinescu inaugurated a "Strategic Partnership" between the United States and Romania during President Clinton's visit to Bucharest in July 1997. The Strategic Partnership (SP), as further developed by the Bureau of European Affairs' Assistant Secretary during a visit to Bucharest in the fall of 1997, envisioned deepened bilateral cooperation on economic, regional, political military, and non-traditional threat issues. U.S.-Romanian working groups devoted to advancing the SP were intended to meet in Bucharest, co-chaired by the embassy. Such meetings ceased to occur in 1999. The embassy should look for ways to renew this presidential initiative and incorporate it into the MPP.

Recommendation 6. Embassy Bucharest should include as an objective in its Mission Performance Plan promotion of the Strategic Partnership and devise and implement ways to advance bilateral cooperation through this presidential initiative. (Action: Embassy Bucharest)

Embassy Structure and Foreign Service National Empowerment

Part of the embassy's reinvention has been the change to a flat or horizontal hierarchy, a "de-layering" managerial model currently used in parts of the business world. It increases a manager's span of control and conceptually is more democratic than a traditional hierarchy; but at the embassy it has proven to have more disadvantages than advantages.

Some chiefs of mission want to be in touch with all elements and levels of their mission. But it happens in Bucharest that supervisors are not always informed of such contacts and may not be present at meetings where their subordinates are the sole section or agency representatives. Those involved include the six professional FSNs in the political-economic section--three of whom are newly hired--and a few of their colleagues in other agencies. The purpose is uncomplicated--the Ambassador's direct access is the easiest way to obtain the benefit of FSNs' knowledge and experience. The Ambassador's goal is also to use these qualities to improve reporting and expand outreach by gaining access for the mission to the FSNs' friends or former colleagues in Romanian entities. In return, the FSNs would not only make unique contributions to mission work but would personally benefit in terms of status, prestige, and psychic satisfaction. All praiseworthy aims, they are the basis of the frequently heard "FSN empowerment."

This new structure has served the Ambassador's purposes. For him it is working well, for others it is not. Disregard of supervisory relationships undercuts authority but does not free the officials concerned from their responsibilities. The Americans affected feel that their own professional credentials are disparaged. It makes for awkward relationships, especially when an FSN accompanies the Ambassador on ministerial-level calls or goes alone to visit senior Romanian officials without coordinating with American officers. This is one reason why political-economic officers see fewer Romanians than they used to. It is too early to assess whether reporting will benefit from specialized FSN contributions. FSNs, however, were active participants in two of the embassy's privatization efforts.

Though the FSNs with new or enlarged capacities are generally pleased, there are attendant problems. Employees who are new to the embassy have weak institutional identities and unclear vertical relationships. It would be to their and the embassy's benefit to clarify them. The FSNs in USAID, FCS, or U. S. Information Service (USIS) jobs find themselves being taken from their regular duties, which then must be done under pressure or by others. Among the FSN community at large, there is also some resentment at the favored position some colleagues enjoy.

Another aspect of horizontal hierarchy, the disappearance of the country team, developed out of the MPP process (see MPP section). In the Ambassador's eyes, the MPP implementation team and the weekly unclassified missionwide staff meeting rendered the country team unnecessary. Its demise was hastened by what was seen as an inability to go beyond weekly activity reports. OIG found there is no longer a forum or occasion for discussing sensitive policy issues with the Ambassador in the presence of other officers with policy responsibilities. The effect is to weaken structured inter-agency coordination. What is seen as the substitute for the country team, the MPP-related implementing group, meets irregularly and spends considerable time on non-policy issues. One meeting is said to have concerned itself with using USAID funds for representational events at the Ambassador's residence. Another, attended by the OIG, devoted 90 minutes to discussing the hours the new tie-line to the Washington area might be available for personal use by mission staff and

whether to convert the annual Marine Ball to a community-wide event. Neither was a policy issue or a good use of officers' time.

Recommendation 7. Embassy Bucharest should reconstitute a country team of such composition and in such place as to make possible free and open discussion of policy issues. (Action: Embassy Bucharest)

Reporting and Representation

There is a general mission failure to understand its reporting responsibilities. In the post's risk assessment prepared for the inspection, the embassy indicated that the views and needs of end users outside the Department were not considered in formulating a reporting plan. But in fact, there is no reporting plan. For this and other reasons, the political and economic functions fell below passing levels on the self-evaluation.

Washington agencies made it clear to the post and OIG that embassy reporting does not meet their needs. Complaints came from various levels in seven different entities. Ranging from dismissive to derisive, their comments criticized the quantity and quality of reporting. To confirm these complaints, OIG supplemented its interviews with a review of relevant files in the Department and in Bucharest and concluded that complaints were justified.

The reasons for end-user complaints begin with post-management's compliance with instructions to reduce marginal reporting and with its conviction that there is no need to ship "raw material" to "low level analysts." Post management also maintains that most of the information Washington agencies say they need is available through open sources, including the Internet. For all these reasons, and because of reporting officer vacancies, the post fails to achieve its own stated objective to provide "high-quality, relevant, and timely reporting."

One Washington official criticized embassy reporting as "slanted", a second said it showed "clientitis", and another observed that the embassy was always pushing the Romanian agenda. One official wrote, "We get very little reporting except the Ambassador's instructions to Washington." Another summed up the views shared by most officials that OIG interviewed, saying, "We really have no idea what is going on out there." One said the office's best information came by e-mail from a friend at a Romanian university. Another said that during one period of tension, the official got information by telephone calls directly to Romanian acquaintances. In short, those who need to keep up on Romanian events have developed their own sources, and the embassy is not the first among them.

Such Washington opinions are matched by a widespread view among embassy officers that post management does not want negative and/or deeply analytic reporting. Heavy front office editing, long delays in approving cables, or a curt rejection of drafts that appear to fall into these categories have reinforced the perception. As a result, officers are hesitant to devote time to analytic reporting. They assume that any idea for reports that may contain negative or "irrelevant" elements requires advance clearance. The overall effect has been to chill the whole reporting function.

Substantive reporting has declined drastically. This has occurred at a time when Romania is at a crucial stage in its transformation from a communist economy to a free market democratic society, and when successful reform will determine its ability to meet its aspirations to link itself with Western political, military, and economic institutions. In the past 18 months, analytic political reporting has fallen by two-thirds. Analytic economic reporting has fallen as well, and there is little political-military reporting. In part this reflects the lack of American officers available to write analytic reports, particularly classified or sensitive reporting. There has been a gradual depopulation of the political/economic section through curtailment, attrition, and reassignment to other duties. The decline in reporting was apparent prior to the scheduled departure of several American officers and has been exacerbated by their absence. In a June 1998 cable expressing concern at this already-visible trend, the Department reminded the post of "its obligation to provide ...more in-depth reporting and analysis" and said, "Department has been disappointed to note a significant drop-off in post reporting in recent months."

The post's main reporting vehicle, "Tips" (of the iceberg), condenses coverage of scattered events in a usually unclassified weekly cable. Normally, the message is faxed to the Ambassador for approval, before transmission, when he is in the United States. As the name implies, much below the surface remains unseen. And because items are held for the cable, important news is often cold before it reaches consumers' hands. During the inspection, one news story, which the embassy did not report, related a sharp decline in popular support for the coalition government. The Ambassador stated that to be meaningful, poll results, which are available in open source press summaries, require interpretation, but this was not possible because the embassy at that time lacked the capability for public opinion analysis.

Even in areas of stated interest to the post, such as Romania's role as a regional leader, coverage is sporadic. During the inspection, the Romanian Government hosted the presidents of two Balkan states. The visit of one was mentioned briefly in the post's weekly catch-all reporting cable, the other went unreported. There also has been little description of mission efforts to encourage the host government to take tough steps in the area of economic reform, though the post emphasized to the OIG that it had made such efforts.

A review of post reporting for the past 3 years indicates a pronounced shift in emphasis from a relatively balanced mix of analysis and policy advocacy to reports heavily weighted towards advocacy, aimed at Washington. More than one in three of outgoing political and economic cables in the past year contain requests for specific U.S. Government actions and/or funding of interest or benefit to the Romanian Government. With a few notable exceptions, there was very little reporting of a critical nature that might be perceived as undercutting these requests.

The purpose of this approach may be to provide Washington agencies with information that will favorably influence their thinking. The effect of this advocacy overdrive, however, has been to damage the post's credibility as a source of information and as an advocate. As a result, its recommendations risk being discounted even when they have merit. In addition, Department officials told OIG that for all important demarches Department officers make the same approach to the Romanian Embassy to ensure an accurate presentation.

Reporting officers everywhere are often placed in the position of trying to please two masters with opposing demands: post management and the Washington constituency. But in Bucharest, this situation is particularly acute. The Ambassador sets clear MPP-related, action-oriented parameters giving reporting low priority. Washington agencies urge reporting officers to provide timely coverage of critical events, particularly in the economic sphere. The perception that action to please the one will displease the other has increased stress levels and contributed to an already difficult work environment. The message the reporting officers receive from the front office is that their function is not important.

At the time of the inspection, the embassy's combined political/economic and political-military section of five officers was on the point of being reduced to one, the counselor. Post management asserts that there will be seven reporting assets--the counselor, six FSNs, and one Fascell Fellow. Such a mix is not likely to correct present shortcomings.

Rebuilding the post's reporting capability will not be easy. The perception in Washington that embassy officers are not free to report, combined with the exceptionally high number of curtailments, makes it difficult to attract good applicants. To rebuild its reputation, the post must energize itself to achieve its objective of high quality, relevant, timely reporting. In September 1998, after reminding the post of "the needs and expectations in Washington for regular, focused embassy reporting and analysis," the Assistant Secretary for European Affairs set out priority areas of U.S. interest in writing. These instructions should provide the basis for a post reporting plan, as required in the MPP guidance. Yet, despite widespread frustration with the post's performance, the Department's dialogue with the post, although carried out at senior levels, has been intermittent. Its communications have been more in the nature of advice than instructions. (See pages 4 and 5 for further discussion of the Department's responsibility.)

Recommendation 8. Embassy Bucharest should develop and implement a post reporting plan that reflects end-user needs for information and analysis. (Action: Embassy Bucharest, in coordination with EUR)

Limited resources in the political-economic section are not the sole cause of the post's unsatisfactory reporting record. The chief of mission has been deficient with regard to his own meetings, because he does not see the importance that a host government attaches to the statements of an American ambassador or the need of Washington agencies to understand the views of important foreign leaders. Consequently, while there may be a Romanian record of his conversations, there is no American one. With the easy access that flows from his position, he sees with some regularity a small number of high officials and the leader of the opposition. The Ambassador's calendar shows that between January and late June 1999 he had 2 private meetings with the Prime Minister, 6 with the Minister of Foreign Affairs, 3 with the leader of the opposition and 10 with other senior officials like political party chiefs, other cabinet members and the head of the national bank. OIG's review of the (possibly incomplete) files at post and in the Bureau of European Affairs contain only 1 reporting cable as such on these 21 meetings. Another was treated in an official-informal message, and a third was mentioned as a "Tips" item. Two cables that followed a conversation with the Foreign Minister advocated a U.S. course of action to benefit Romania, but there was no indication of whether this was a Romanian request or, as it appeared, the embassy's own

idea. There was no evidence in the files reviewed that the remaining 18 meetings had even taken place.

Recommendation 9. Embassy Bucharest should ensure that the substance of the Ambassador's meetings with senior Romanian officials and political leaders is reported promptly to the Department by cable. (Action: Embassy Bucharest)

As new professional FSNs take up their task of using their government experience and contacts, some at senior levels, American officers have tended to remain more in the office. There is a big difference between the representational character of an American official and a host country national. Representation below the front office level is low, in part because officers are uncertain if funds will be available and in part because of the perception that their contacts are not viewed as key to achieving mission goals. To encourage greater contacts with Romanians, the post should develop a missionwide representation plan linked to MPP objectives and should allocate amounts to all sections.

Recommendation 10. Embassy Bucharest should develop a post representation plan linked to the Mission Performance Plan. (Action: Embassy Bucharest)

In August 1998, the post decided not to fill a direct-hire office management specialist (OMS) vacancy in the economic section, choosing instead to use part-time, intermittent, temporary (PIT) position FP-07, replacing two OMS professionals with an economic PIT secretary and a political PIT secretary. The jobs are important, and the post must now draw on an uncertain job pool to fill them. When there were no applicants for one position, the post combined the two. This placed an undue burden on the incumbent, who had no previous secretarial training. Upon her departure, the mission will have no replacement. A Foreign Service OMS professional would be better prepared to cover the needs of both the current combined section or separate political and economic sections.

Recommendation 11. Embassy Bucharest should request that the Foreign Service office management specialist position in the economic section be reestablished and filled in the next bidding cycle. (Action: Embassy Bucharest, in coordination with EUR and M/DGP)

Relations with USAID

The USAID program in Romania consists of 6 U.S. direct-hires, 8 PSCs, 37 FSNs, and 44 outside contractors and/or grantees with an FY 1999 program budget of \$57.4 million, which includes a one-time Kosovo-related allotment of \$22 million. The base program is normally about \$35 million. The program focuses on assisting Romania with its transition to democracy and to a stable economy. The USAID program provides the resources to implement much of the MPP. USAID is pleased that the Ambassador takes such a keen interest in the assistance program, but he has become overly involved in personnel and contract issues. The Ambassador believes that his involvement was necessary because the assistance program was mismanaged and that he had to learn "the substance and details" and to "[act] decisively to fix both the program and personnel."

The Ambassador's approach to his relations with USAID, and the effort by USAID to accommodate him have led to a diffusion of program focus. There have been abrupt changes in strategy and an increase in activities that strained program management capabilities. According to USAID Washington, the Ambassador's interventions have distracted staff and delayed program implementation. The September 1998 "Report on Program and Management Operations USAID Romania," by a USAID consultant, observed that "Existing USAID strategies, plans and programs [within the R-4's eight major strategies] were to a large extent ignored or bypassed in the MPP process. New strategies and programs are being prepared for MPP goals that significantly vary from USAID's." For example, at the Ambassador's insistence, USAID sharply curtailed activities to develop capital markets, one of the eight strategic pillars of the USAID program. USAID's FY 2001 R4-report of March 1999 stated that "USAID activities in the area of privatization and capital market development were constricted during 1998. This was due partly to the mission's desire to rethink its activities to align with MPP priorities." USAID believed the capital markets program had merit, and the acting Administrator appealed to the Ambassador to let the program go forward. The Ambassador disagreed noting that by putting the program on hold and canceling the contract of an advisor, he would save U.S. taxpayers \$4 million.

USAID Washington and USAID Romania have also been disturbed by his interference in personnel matters. According to the consultancy report, the Ambassador's involvement in the recruitment of USAID personal services contractors (PSCs) is "extraordinary." According to USAID officials, no USAID PSC is hired for a key job without clearance from the Ambassador, who has personally contacted candidate references, reviewed résumés, and interviewed candidates. In the case of the capital markets advisor, the Ambassador instructed USAID to cancel the contract, at a cost of approximately \$12,000 in severance pay plus expenses. When the Ambassador was included as a USAID selection committee member, his vote became the dominant one. The consultancy report describes the Ambassador's participation on the selection committee as that of "an unequal among equals." In the case of a senior agribusiness advisor position, the Ambassador was unwilling to proceed serially with other qualified candidates after the committee's first choice withdrew, preferring instead to re-open the competition. The regional contracting officer warned that he would have to cancel the hiring process entirely unless he were permitted to negotiate with other candidates in the competitive range. After considerable delay, the Ambassador withdrew his objections to the second-ranked candidate.

The Ambassador has also attempted to direct the hiring of employees of contractors and grantees on a non-competitive basis. The most prominent case involved two Romanian-American friends of a senior Romanian government official who the senior official asked be hired as members of his staff—a request the Ambassador advocated. While USAID grants have funded a number of technical advisors and assistants to Romanian government decision-makers, USAID has a policy against non-competitive, directed hiring in the absence of a waiver. USAID also cannot compel a grantee to hire a specific individual. In the end, the grantee found a legitimate way to accommodate the Ambassador and one of the individuals was hired.

In another case, the Ambassador urged a grantee to hire a particular individual. The grantee organization's chief executive officer expressed concern to USAID officials about this request, but acceded to it. A \$2 million increase to the grant was under consideration at

the time. Because a new grant was under consideration at the time, the Ambassador's intervention created an appearance of impropriety.

The Ambassador's approach to management in which he interacts with and directs working-level USAID employees makes it difficult for USAID managers to stay informed and undermines their authority. OIG counseled the Ambassador to inform USAID leadership of meetings with employees of contractors or with grantees and their employees and to invite the USAID director or his designee to attend. The Ambassador told the OIG his door has always been open. But USAID management officials and other embassy staff insist that they have been humiliated by their unexpected exclusion from important meetings.

The Ambassador is a strong supporter of volunteerism and people-to-people diplomacy. In that spirit he directed USAID Romania to use \$500,000 of the USAID child welfare program budget to promote American volunteer efforts in that field by identifying and recruiting American volunteers to be matched with participating private voluntary organizations (PVOs) and non-government organizations (NGOs) which might, or might not, have a use for them. The USAID Office of General Counsel, however, advised him that volunteers should not be recruited by USAID for such grantee entities because of the potential that liabilities that could be incurred by the U.S. Government by recruiting or appearing to recruit volunteers. Furthermore, the Ambassador's initiative is contrary to the spirit of the anti-deficiency statute preventing the U.S. Government from accepting voluntary services. USAID officials also fear that the use of program funds to encourage volunteerism will decrease funds available under the program to actually reduce the number of children remaining in large institutions—the most important performance indicator of the success of the program.

Recommendation 12. Embassy Bucharest should not use child welfare program funds for purposes other than the achievement of established performance indicators. (Action: Embassy Bucharest)

Of the MPP's 112 objectives, approximately half have been assigned to USAID for action. There is considerable overlap of a large number of the MPP strategy teams and the USAID Strategic Objective (SO) teams. To the extent that many of the same people meet in both teams on the same subject, this is a wasteful duplication of effort.

Recommendation 13. Embassy Bucharest should rationalize the Mission Performance Plan (MPP) and Strategic Objective (SO) teams to reduce duplication of effort. MPP teams and SO teams with a common membership should be integrated into combined MPP/SO teams. (Action: Embassy Bucharest)

The Ambassador has made inappropriate requests of contractor employees. The Ambassador asked one such employee to write substantial parts of a speech for him, an activity not within the scope of the contract nor an allowable cost under the contract. Contractor employees are not U.S. Government employees and should not be assigned duties by other than their employers. Changes in contracts by other than the contracting officer can result in unauthorized commitments or unallowable costs, although there was no evidence of such costs in this case.

The Ambassador has also discussed budget levels with potential and actual contractors. To have such discussions with contractors and grantees or their employees without the presence of USAID officials is ill advised. Requests that can effectively alter the terms of an agreement of budget could be interpreted by the contractor or grantee as changing the scope and cost of contracted work, in which case they may claim extra compensation. Amending the scope or cost of a contract or grant is a function that by regulation is delegated to the authorized contracting officer.

Recommendation 14. The Department, in coordination with USAID, should instruct the Ambassador not to engage in procurement activities delegated by regulation to the USAID contracting and grant officers and to strictly adhere to Federal contract and grant regulations. (Action: EUR, in coordination with L, A/OPE, and USAID)

The impact of the Ambassador's close involvement in USAID activities has been to slow down some programs. Hiring has also been delayed by holds placed on hiring or multiple requests for documentation or research. These have resulted in a reduced rate of budgetary obligation as confirmed by USAID Washington.

An ambassador's interest in the details of a bilateral assistance program, the effective use of official funds, and an activist approach are laudable. Unfortunately, in this case several of the Ambassador's interventions have been counterproductive and have created the appearance of impropriety.

Relations with Commerce

Thanks to the Ambassador's energetic interest, the embassy has a heavy commercial orientation. But commercial efforts lack coordination. The Ambassador has become the senior commercial officer, bypassing the FCS officer. He devotes more than 50 percent of his time to trade promotion, actively assisting American firms interested in doing business in Romania. He sees many U.S. company representatives in his office, but does not always include the commercial officer or inform the commercial officer of the meetings. The Ambassador points out that his schedule is available and that the commercial officer can attend any meeting he wishes, but he concedes that the commercial officer is not invited to all of them. Several officers from different agencies related to OIG their experience with the Ambassador's open invitation to meetings in their area of expertise only to be challenged when they took him at his word and attended without a specific invitation.

According to U.S. policy, unless a bid or proposal is deemed not to be in the national interest, all bids and proposals by U.S. firms shall be supported in an equal, non-discriminatory manner. When the Ambassador is personally energized by a company's prospects in Romania, he will work tirelessly and provide effective high level advocacy to put together a "deal" or gain access to Romanian officials. But some in the business community feel that the energies the Ambassador uses on behalf of some U.S. companies are not made available equally and without discrimination to all who seek them. According to some firms, personal preferences have played a role. Some who have not benefited from preferences have complained in writing about what they saw as a lack of advocacy, half-hearted advocacy, or even exclusive advocacy for a competitor. A Department memorandum to OIG said, "some companies have complained that embassy commercial advocacy is selective." The memo listed firms by name. Companies have sent letters and e-mail

messages to the Assistant Secretary for European Affairs and the Office of Business Affairs voicing such complaints.

For failing to implement a U.S. Government decision to help a specific company, the Ambassador on July 24, 1998, was reminded in person by the Under Secretary for Economic, Business and Agricultural Affairs of his obligation as chief of mission to provide total support to American companies whose projects are judged by Washington to be in the U.S. national interest. The Ambassador said that he always did so. In addition, one large American firm, with a time-sensitive customs problem arising from ever-changing regulations, concluded that the embassy was unwilling to intervene with a senior Romanian official who had the power to resolve the problem; it finally retained a lawyer and resolved the problem itself. In another case, referred to in the Department's memorandum to OIG, a sovereign guarantee from the Romanian Government to finance exports of U.S. goods was subsequently withdrawn without any embassy reaction.

Relations with the Department of Commerce have also been strained by the Ambassador directing commercial FSNs to work on projects at variance with Department of Commerce policy. That policy is to support U.S. investment where it will lead to new U.S. exports, to support tourism to the United States, and to support reverse trade missions where the foreign delegation is coming to the United States to make purchases that result in U.S. exports. In Romania, commercial FSNs have been tasked to work on Romania's participation in the 1999 Smithsonian Folklife Festival, which promotes U.S. tourist travel to Romania, and an associated reverse trade mission in software, which could result in the loss of U.S. jobs rather than add new U.S. exports. In the Ambassador's view, benefits to Romania would be matched by meeting the need for skilled labor in the U.S. software industry. That rationale, however, in its more general worldwide application, has generated controversy in U.S. labor circles. OIG learned that the Trade and Development Agency expressed to the Ambassador concern about potential loss of U.S. jobs from the software industry initiative. Based on the foregoing, the post would benefit from a Commercial Action Group. By providing internal coordination, communication, and the involvement of appropriate agency heads, it would avoid actions that could result in the export of U.S. jobs, unequal advocacy, or reduced U.S. exports.

Recommendation 15. Embassy Bucharest should form an interagency Commercial Action Group, to be chaired by the Ambassador, to review and coordinate U.S. Government assisted programs and initiatives with the Romanian Government and private entities. It should have a business development focus to ensure that embassy actions benefit U.S. exports and do not directly result in a net loss of jobs. (Action: Embassy Bucharest)

Recommendation 16. Embassy Bucharest's Commercial Action Group, once established, should track companies that request embassy assistance and for which the embassy is providing advocacy, noting the support provided, to ensure the advocacy program operates under U.S. Government policy guidelines. (Action: Embassy Bucharest)

Drawing on his private sector background, the Ambassador has devoted a large amount of his time to focus the mission's resources on helping the Romanian Government make the politically tough decisions it needs to navigate through a financial crisis and to

transform and reform its economy. Romania lags behind former communist neighbors such as Poland, the Czech Republic, and Hungary in the pace of economic reform and transformation. In 1997 and 1998, Romania's gross domestic product (GDP) declined by 6.6 percent and 7.3 percent, respectively. Prospects in 1999 do not look much better. The Ambassador's hands-on involvement has caused a higher level of coordination among mission technical experts than otherwise would have been the case. The Ambassador's regular meetings of a special group for the financial sector and banking crisis have also deepened his own knowledge and enabled him to be a better advocate and counselor to the Romanian Government and its senior leadership. But much useful information resulting from these activities and contacts goes unreported to Washington.

The Romanian American Enterprise Fund (RAEF), which receives money from the USAID-administered SEED Act, has been useful in promoting investment in small and medium-sized enterprises (SMEs). At the Ambassador's initiative, a new business development unit of the RAEF, known variously as the Romanian Enterprise Development Activity or the Romanian American Capital and Trade Development Group, will focus on making deals, helping spur privatization efforts, and developing trade opportunities. The Memorandum of Understanding that approved this unit specifically referred to the policy that U.S. jobs were not to be exported owing to this activity. While there exists the possibility of some overlap with the commercial section, there are also possibilities of synergies.

The Trade and Development Agency (TDA) has been active in Romania, where it had its largest program in Europe. The Ambassador has not enjoyed a good working relationship with TDA and has denied country clearance to TDA officials who needed to travel to Romania to review programs. TDA chafes under the Ambassador's desire to intervene in the details of TDA projects. Denial of country clearance, allegedly inconsistent policy guidance, and a level of management that goes beyond normal oversight, have led TDA officials to question, in a meeting with OIG, whether the agency can operate in Romania.

Despite the ongoing deep Romanian recession, U.S. exports to Romania increased by 30.5 percent in 1998 over 1997. However, U.S. exports were down 50.5 percent for the first 5 months of 1999 over the same period in 1998, reflecting the volatility of the Romanian business climate. Total 1998 U.S.-Romanian two-way trade is \$733 million, almost balanced between them. Prospects for growth are limited by Romania's economic problems. Yet, when its economy does turn around, the prospects for increased U.S. exports will be good. The location and appearance of the FCS offices and library could be improved to take better advantage of this coming change in fortune (see Collocation of the IRC with the FCS Library in section IV). In the meantime, the post should support even-handed trade promotion. It is standard Department of Commerce strategy to use trade fairs to promote U.S. exports. The Ambassador initially declined to sign a letter that the commercial section uses to encourage American firms to participate in the Bucharest International Fair with the handwritten question, "Who says we have to participate in this event at all?" Later, he expressed his preference for small sector-specific trade fairs. Subsequent to OIG's observation that it has been established U.S. practice for 25 years to participate in the Bucharest fair—the largest in Romania, and a major marketing event for U.S. exports in Romania and the northern Balkans—he signed the letter in the month following the inspection.

Romania is not in compliance with its obligations under the Trade-Related Aspects of Intellectual Property Rights Agreement of the World Trade Organization regarding the protection of intellectual property, and has until January 1, 2000, to be in full compliance. Romania is signatory to major international agreements protecting intellectual property, but it has not done a good job of protecting copyrights and other intellectual property rights (IPR). The rate of IPR piracy in Romania is in excess of 90 percent. Accordingly, the U.S. Trade Representative elevated Romania to the Special 301 Watch List on April 30, 1999 at its annual review. Lack of effective IPR enforcement results in U.S. export losses and presents a business environment that discourages U.S. investment in sectors where the protection of intellectual property is critical to investor confidence. The embassy needs to become more actively involved in this effort.

Recommendation 17. Embassy Bucharest should include, as a Mission Performance Plan objective, working with Romanian authorities to obtain progress in the protection of intellectual property rights and compliance with its obligations under the Intellectual Property Rights Agreement. (Action: Embassy Bucharest)

Law Enforcement Coordination

Since no case-related enforcement agencies are assigned to the embassy, law enforcement is principally a training operation with an anti-corruption emphasis. The coordinating mechanism is the relevant MPP-related strategic team. The Ambassador participates actively in it, and coordination is good. The mission has developed a comprehensive written anti-corruption strategy. Funding of between \$1 and \$2 million is provided by the SEED Act and is made available through the Department's Bureau of International Narcotics and Law Enforcement Affairs.

Corruption is perceived as a major barrier to economic reform in Romania, which ranks 61st, in the bottom third of the Transparency International 1998 Corruption Perceptions index. The mission has been especially successful in developing U.S.-Romanian cooperation on anti-corruption and cross-border crime.

The embassy has encouraged the Department of Justice to send a Federal prosecutor to provide anti-corruption training. Justice Department training will continue with TDY support from Washington. Over time, the mission hopes to expand the anti-corruption unit by adding a second FSN and developing closer cooperation with other Organization for Economic Cooperation and Development missions and with the host government to identify and remove corruption-related obstacles to doing business in Romania.

U.S. Government support has been critical to the growth of the Southeast European Cooperative Initiative (SECI), an effort launched in 1996 to encourage cooperation among 11 countries in the region to facilitate the access of southeast Europe into European integration. Through SECI, the U.S. Customs Service provides assistance to the Romanian border service. In September 1999, the Government of Romania hopes to inaugurate a Bucharest-based SECI Regional Center for Combating Trans-Border Crime, although at the time of the inspection a source of funding for the \$2 million facility had not been identified.

There is a growing international credit-card crime group operating from Bucharest. The country is also used as a transport area for large-scale drug movements and is notorious for trafficking in women. International organized crime is also present, and bank fraud is a major problem. The mission has addressed such issues to a degree, but these and other international crime issues are likely to require increased attention in the future.

IV. PUBLIC DIPLOMACY

A small but well-endowed post, USIS Romania gives a spotty performance. Active in support of top-priority MPP goals, and particularly effective with regard to Kosovo, USIS has uneven relations with other embassy sections and a weak International Visitor Program (IVP). In general, except for its work with the media, the program lacks energy.

Management and Direction

Management of the Staff

The U.S. Information Service (USIS) is the coordinating office for the mission's media and cultural activities. The American staff was reduced in 1995 from seven to three--the public affairs officer (PAO) or director, a cultural affairs officer (CAO) and an information officer (IO). There are 25 FSN and personal services agreement (PSA) employees. USIS also oversees the operations of the Fulbright Commission, a bilateral exchange organization (see below).

Program Direction

USIS activities are designed to support MPP objectives. In 1998, USIS replaced the traditional cultural and information sections with a program section and a media support office, in line with the mission's development of its strategy teams, described elsewhere in this report, which crosscut agency distinctions and involve heavy Foreign Service officer and FSN input alike. In support of the MPP's top priority goals--regional security and broad based economic growth--USIS has organized conferences, speeches, and seminars promoting European regional stability and a free market economy. Under the MPP goals stressing democracy, institution building, and the importance of public diplomacy, USIS continues to carry out a series of projects stressing the need for free and independent media, the rule of law, and civic education. This past year, USIS took the lead in assisting the country's leading political analysts in setting up Romania's first Western-style "think tank", a research institute concentrating on political and economic matters. Worthy of particular mention is the Ambassador's and USIS's intensive public diplomacy effort, described below, keeping Romanians properly informed on the Kosovo conflict.

According to the PAO, USIS is hampered in its dealings with target audience contacts because many Romanian audience members are not always available. On the plus side is the fact that a great number of USIS contacts such as editors and academicians are former International Visitor (IV) or Fulbright program grantees and remain well disposed towards the United States and cooperate with the embassy.

Physical facilities

USIS is located on a one-way street two blocks from the chancery. Three interconnected buildings house the information resource center (IRC) with its 3 FSNs, a 100-seat auditorium, and the offices of the FSOs and the remaining FSNs. An embassy guard inside a booth controls entry to the USIS complex. There are Romanian Government Ministry of Interior armed guards on the sidewalk out front (see Section VI).

Coordination with the Embassy and Washington

USIS relations with other sections of the mission are uneven, in some ways limiting and unproductive. According to the PAO, apart from a weekly meeting he has with the DCM, there are no regular meetings between USIS and any other section of the embassy. USIS officers believe that the replacement of the country team with the MPP's strategic teams has, in certain instances, duplicated their work since progress reports are now prepared monthly for internal use, while USIS has a reporting responsibility to the U.S. Information Agency (USIA) as well. This is especially true for the International Visitors Program (IVP) and USIA's commitments to apprise Congress of its effectiveness.

USIS relations with the consular section are excellent. The IRC, with its many databases, works closely and effectively with the Ambassador, the Foreign Commercial Service, and the political section.

The IVP, a mission program headed by the Ambassador and administered by USIS, is poorly run and is a matter of concern to USIA (see below). Cooperation by the political-economic section is haphazard.

The press section works closely with the Ambassador, whose ability to deal with the media is a distinct plus for the U.S. Government. His many interviews and speeches on mission priority objectives, such as promoting a free market economy and emphasizing the importance of regional stability, receive extensive coverage. This was particularly relevant during the early days of NATO military action against Yugoslavia. Polls showed that 80 percent of Romanians were against the bombing. The Ambassador took advantage of every press opportunity arranged for him by USIS to put forward NATO and U.S. policies. The highlight was his participation in a 2-hour session on Kosovo on a popular TV news program with the Yugoslav Ambassador as his adversary. USIS, as well, kept up a steady stream of press activity on the issue, placing op-ed pieces in important dailies and sending TV crews to interview Albanians in camps in Macedonia. Without this action, Romanians would not have had an accurate picture of the plight of the refugees.

Relations between USIS Romania and USIA Washington, while mainly good, are also uneven. There has been no visit by any USIA Eastern European and Newly Independent States (EEN) front office official to Bucharest since the PAO's arrival, in August 1997. OIG considers this an example of poor management.

Recommendation 18. USIA should send the office director or deputy director to Bucharest no later than the end of the first quarter of FY 2000 to evaluate the management of USIS Romania and consult with USIS staff members and the

mission front office. (Action: USIA/EEN, or its successor organization after consolidation)

International Visitor Program

Embassy Bucharest's IVP is not well run and is a matter of concern to USIA. In FY 1999, nominations and respective travel data were submitted to USIA only after months of repeated requests from Washington. During the inspection, the embassy, by its tardiness, came close to being unable to obtain program dates this summer for 15 recently selected grantees. Fortunately, the very efficient USIA IVP officer was able to arrange a schedule for the group at this, the most competitive, time of the year. Well into the third quarter of FY 1999, the post has committed less than 50 percent of its funding, whereas if it were at the 100 percent mark, it would be eligible for additional grants from year-end fall-out funds.

The Ambassador heads up the IV committee and the CAO administers it. In FY 1999, USIS sent messages to section heads, with copies to post management, pleading for the necessary data on the candidates, data urgently needed by USIA. Several months went by before the information was forthcoming. At that, there was only one economic candidate nominated, this in a country where promoting economic growth is an MPP priority goal. The manner in which nominations are made is unusual. By direction of post management, private organizations in the U.S. were asked to recommend people in Romania, and a recent letter from the DCM to the Romanian Parliament asked it to identify candidates "who do not have much experience in the United States." The letter made its way to the local press and was the subject of much derision. Normally, IV candidates are well known to and selected by mission officers. The USIA Manual of Operations and Administration (MOA) 602 states that "the Program is invitational: therefore, it is not publicized."

The IV program is arguably the finest and most prestigious civilian activity the U.S. Government offers overseas; its alumni include many world leaders. The IVP in Romania, however, should continue only if the mission adheres to deadlines and program requirements.

Recommendation 19. Embassy Bucharest should adhere to the International Visitors Program schedule for submission of nominations and program information; all embassy sections should participate in the selection process. (Action: Embassy Bucharest)

Use of Representation Funds

The PAO and his American staff make little use of representation funds. In FY 98 the USIS allotment was \$12,000, of which \$3,000 was given back to USIA, and another \$1,600, not used, was returned to the U.S. Treasury through de-obligation. With a little more than one-quarter left in FY 1999, USIS has only spent \$2,000 of its \$12,000 allotment. When recently queried by USIA on returning FY 1999 funds to the agency, USIS stated it would release \$4,000. That still leaves \$6,000 to be spent in one quarter, a somewhat unrealistic assumption, given the poor track record to date and the fact that for most of the next quarter there will be two, not three, officers at post. USIS Romania needs to establish a plan, covering a 12-month period, for meaningfully utilizing representational funds. The PAO should then inform USIA of the required funds.

Recommendation 20. USIS Romania should establish a plan for the allotment of representation funds to its three officers, to be spent quarterly, and notify USIA of the amount needed. (Action: USIS Romania)

Collocating the Information Resource Center with the Foreign Commercial Service Library

The USIS information resource center (IRC), through its many databases, works closely with the FCS library to supply business contacts with information on American firms. The efficiency of the IRC and the FCS library would be enhanced if they were colocated on the IRC site. Since the USIS compound is an unclassified area, not in the chancery, visitor access is simpler, with no escort required. Entry to the small second floor FCS library, although also unclassified, is through the stricter chancery security measures where visitors must be announced and accompanied. The FCS library is small, poorly lighted, and on the second floor. There is an unoccupied floor in the USIS office building with more space than that currently housing the FCS counselor and his staff. OIG discussed with the FCS counselor the possibility of relocating not only the FCS library but also the entire operation to USIS. He found merit in the suggestion, as did the PAO. Subsequent to the inspection, the post informed OIG that the embassy had already been looking into the collocation of FCS with USIS. However, none of the interested parties broached by OIG seemed to be aware of it.

Recommendation 21. Embassy Bucharest should consult with the Department of Commerce regarding Commerce funding for the move of the Foreign Commercial Service operation to the USIS premises where it would be more visible and effective. (Action: Embassy Bucharest, in coordination with the Department of Commerce and USIS Romania)

Follow-up Contact with Returned Grantees

There is no organized or systematic mission activity to remain in contact with returned grantees. USIS officers do not know if embassy section heads maintain any regular contact with ex-IV grantees. USIS places the returnees' names on its general mailing lists for future use but since there is little representational activity carried out by the post there is little contact. No sessions are held whereby ex-IV grantees assist USIS staffers in briefing those about to depart. The mission is therefore losing much of the potential benefit from its grantee program. The PAO recognizes the post's lack of attention to follow-up activities and intends to charge the incoming CAO with the responsibility to intensify action involving all embassy officers.

Recommendation 22. USIS Romania should develop and implement an action plan to ensure frequent contact by relevant mission officers with returned participants in all USIS-administered exchange programs. (Action: USIS Romania, in coordination with Embassy Bucharest)

Lack of Attention to the Rest of Romania

USIS increasingly seems to devote its attention and efforts only to Bucharest, at the expense of the other major cities and universities. A check of FY 1999 travel vouchers to outlying important locales bears this out. The PAO has made no visits this fiscal year. The CAO and IO have made one trip in FY 1999, both during the inspection and only briefly to one city each. The IO had planned a trip to Constanta but was forced to cancel due to a Bucharest visit by the Secretary of State. Apart from an information section FSN who often accompanies the Ambassador, the number of FSN visits to target audience members and institutions outside the capital is negligible. USIA sponsors several university affiliations between Romanian and American universities. While these projects operate very well and without the need for USIS administrative assistance, USIS should visit them from time to time in search of up-and-coming candidates for exchange programs.

Recommendation 23. USIS Romania should develop a yearly travel plan for American officers and program Foreign Service nationals to ensure that target audience members, countrywide, are contacted and participate in USIS activities, including exchange programs. (Action: USIS Romania)

Fulbright Commission

There is an active Fulbright program in Bucharest. It is a bilateral effort administered by a dynamic director. Many prominent Romanians are ex-Fulbrighters such as the Secretary General of the Romanian Parliament and the chief presidential advisor for NGO issues. The U.S. Government covers 90 percent of the budget, the Romanian Government provides the remainder, plus office space. There is an eight-member board of directors, four Americans appointed by the Ambassador and four Romanians by the Romanian Government. The PAO and the CAO and two unofficial Americans represent the U.S. side. The commission announces its many programs well in advance and adheres to a strict schedule for screening and processing candidates. The CAO chairs the selection committee. USIA officials laud the commission's efficiency and its prompt submission of data. The praise is well deserved, given that the ratio of applications received to grants available is almost 10 to 1. Yearly, some 23 graduate Romanian students pursue academic careers, mainly in business/economics, in the United States while 7 Americans go to Romania. Twelve Romanian postdoctoral fellows are affiliated annually with American universities in a variety of fields and 10 American professors carry out research in Romanian universities. The commission also manages a high school teacher exchange program. The commission houses a very active educational advising center, the font for information, testing, and other activities for all Romanians interested in an American education.

V. CONSULAR OUTREACH AND MANAGEMENT

The consular section is a busy place. As with other parts of the mission, it attracts much interest from the Ambassador, and its work bears his personal stamp. But there is an element of strain in the relationship. It arises from the Ambassador's using the consular section as the mission's agency for an unusually broad outreach program and from his assigning non-traditional consular tasks, which add extra workload. There is also a conceptual difference between post management's view of the consular function as a means of building good will with the Romanian public and the section's duty to abide by U.S. laws and regulations, which make it impossible to please all its clients all the time.

Policies and Precepts

The MPP adapts one of the two consular-related national interests--enhancing the ability of American citizens to travel freely and live and work securely in Romania. To this end, the plan proposes to reach out to Americans in Romania, improve services, and to integrate more Americans into mission activities. Strategies for doing this include providing world class customer service, becoming "the best consulate in the world by 2000," and reducing bureaucratic obstacles to Americans living in Romania. The MPP says nothing about the second national interest, safeguarding U.S. borders by controlling how immigrants and nonimmigrants enter the United States.

Outreach Activities, Management, and the Warden System

Foremost among the instruments for achieving mission goals is an elaborate outreach program. It is to some degree consonant with the "dynamic representation" concept of the Stimson Center's 1998 report Equipped for the Future, but it goes beyond the report in concept and in the use of available resources. For example, the embassy's "outreach" extends not only to the 2,000 or so Americans resident in Romania, many of Romanian extraction, but also to the Romanian-American and Hungarian-American communities in the United States. In town meetings in Romania and the United States and in the post's newsletter, the Ambassador dwells as much on describing the services the consular section provides as on soliciting ideas for other ways in which the section might be helpful. The invitation, "let us know how we can help you" refers not only to normal citizens' services needs but, as shown by experience, to whatever needs might arise from interaction with Romanian authorities. This has caused a demand for new services for which there are no new resources. The effect is a heavier burden on the consular staff.

On the other hand, the outreach program is popular in the American community and has borne good public relations fruit. The Ambassador successfully employs his access to Romania's English language press to obtain media coverage for the embassy's outreach activities. Those interviewed in the American citizens services (ACS) waiting room and in other Bucharest venues spoke highly of the Ambassador's and the consular section's efforts.

The strategies of integrating interested Americans into the mission and reducing bureaucratic obstacles are contributing factors. They open communications, assist volunteerism, and clarify vague and changeable Romanian bureaucratic procedures. Consular information appears in two places on the embassy's Internet website. One, managed by USIS, includes an English language consular page with information on citizenship, visas, and similar matters. The page also offers Romanian-language visa information. A second page, the "American Corner," contains American Citizens Services material and other items of interest to citizens such as embassy job opportunities, travel warnings, and summer camp announcements. The consular section contributes consular information to a private website, the "American Message Board." This website, with a disclaimer that it is not official, can be used by persons of any nationality to post messages, sell items, and socialize. The ACS unit will evaluate feedback and modification of these programs with the goal of preparing a consular best practice submission.

The embassy issues a quarterly newsletter titled "Letter from Bucharest" with information on embassy and the Ambassador's activities and on contact points for services. The post pays the costs--about \$2,000 per issue including staff time and mailing fees. A PSC employee compiles the copy and affixes postage, and a contractor prints and labels the newsletter. Recent editions comprise eight pages with photos. Content is about one quarter consular issues, one-quarter political/economic news, one-quarter information from the Ambassador, and one-quarter other data. The spring 1999 press run included 2,700 copies to be mailed out and another 1,000 for distribution in the United States by the Ambassador during his mid-June visit. About half the mailed copies go to Americans resident in Romania, the rest to persons in the United States. Recipients also include those requesting the newsletter via the Internet, Americans who visit the consular section, and others who ask to be on the mailing list. Readers are highly positive about the "Letter from Bucharest". The post office returns about 10 percent of copies mailed as undeliverable, usually due to address changes. Department regulations provide that the Bureau of Public Affairs must approve newsletters and similar publications before distribution to the public, but the embassy has not obtained this permission for its "Letter from Bucharest."

Recommendation 24. Embassy Bucharest should comply with 2 FAM 831.1-3 guidance and seek the Department's approval to publish and distribute the "Letter from Bucharest." (Action: Embassy Bucharest)

The Ambassador has established a fairly regular schedule for town meetings with American citizens--on a quarterly basis in the U.S. and a "target of opportunity" basis outside of Bucharest. Consular personnel attend some of these meetings. Citizens use the opportunity to bring issues and questions to the Ambassador and consul general. The town meetings are generally well received and obtain good media attention. Most American citizens view these meetings as expressions of interest by the Ambassador and the embassy. The consular section coordinates this expanded outreach activity. The ACS unit currently maintains three different systems to maintain its registry of American citizens in response to increased emphasis on outreach. This duplicative effort, although useful for tracking special projects, wastes valuable resources.

Responding to consular correspondence and telephone calls takes, in sum, the man-

hour equivalent of four full-time employees. The section receives from 60 to 100 letters a week and from 450 to 600 telephone inquiries per day, mainly concerning nonimmigrant visa applications. Consular staffers respond to most letters within 7 working days. This is an impressive record, considering that the post crafts individualized replies, often speaking to application details, and runs each one through a review process. While this provides a high level of personalized service, it does not track with the consular correspondence best practice of using more standardized, computerized response systems to save scarce personnel resources and provide consistent information on general procedures. The consular section does not have a recorded general information or interactive, programmed telephone-answering system. Embassy switchboard operators relay calls to consular employees who give the caller details about specific cases. Besides using considerable staff resources, this method makes it difficult to ensure that all callers get consistent information. Consonant with the Consular Best Practices Handbook, plans to install an automated basic telephonic consular information system are underway. This and the use of a more standardized correspondence response will improve service while freeing staff time for more urgent work.

Recommendation 25. Embassy Bucharest should comply with the Consular Management Handbook and the Consular Best Practices Handbook guidance in establishing its program for responding to public inquiries. (Action: Embassy Bucharest)

Embassy officers lobby Romanian officials on the benefits of multi and bilateral consular treaties. Agreements like the Hague Service (Notarial) Convention help posts manage consular workloads by reducing or eliminating routine tasks such as verifications of official signatures. The consular section has tried to convince the Romanian Government to move in this direction and continues to present arguments and report its activity. Consular sections often are the locus of embassy efforts on trafficking in women issues. The consul general would like to take on the responsibility, but the section's other tasks have precluded work on this issue.

Warden (Liaison) System

Wardens are private American citizens resident in the host country who volunteer to assist consular sections in disaster preparedness and to alert Americans to emergencies. Participants sign an agreement charging them to safeguard telephone-tree type listings of Americans they are supposed to notify in case of emergency and informing them they will receive no pay for their services. The volunteer Wardens and consular section support for them comprise the Warden System.

Embassy Bucharest modified its Warden System into a Liaison System. Its variation greatly expands Warden functions and supplies a handbook for guidance and assistance. Traditional Warden responsibilities for crisis notification exist, but these duties comprise only about a seventh of Liaison obligations. As the handbook describes it, Liaisons are urged to do much more and, in effect, serve as an auxiliary embassy information and referral channel. For example, they are encouraged to distribute embassy-produced fliers on ACS services, blank citizenship-related forms, lists of professional service providers developed by the embassy, and to make referrals to the economic and commercial sections based on activity to identify/develop opportunities for American companies. On the face of it, this is a

commendable initiative; it expands consular information contact points and enlarges the embassy's resource network. It is especially noteworthy in introducing the concept that Liaisons should get involved with economic/commercial initiatives. In Romania's transitioning economy this could be a useful tool to identify instances in which embassy follow-up could be productive and lead to additional U.S. exports.

But there are possible conflict-of-interest and personal liability factors. Liaisons, private U.S. citizens, most of whom work in Romania, may consciously or unconsciously filter inquiries or referrals which could cause a conflict-of-interest. Other private U.S. citizens could institute legal actions against Liaisons or the embassy if they were dissatisfied with referrals or other actions taken by Liaisons in their expanded informational role. Some of their activities may also violate the statutory restriction (31 United States Code 1342) against acceptance by the U.S. Government of voluntary services. The post failed to consult the Department before implementing this program. Given potential legal and ethical issues, Embassy Bucharest should request the Department's clearance for its Warden System. If it is possible to devise adequate protection for the embassy and for individuals performing duties or services as envisioned in Bucharest's Liaison System, the idea could be useful.

Recommendation 26. Embassy Bucharest should seek Department approval and clearance for its Warden Liaison System concept. (Action: Embassy Bucharest, in coordination with CA, L, and EUR)

American Citizens Protection Issues

Romania straddles an earthquake zone. Yet, the section has not prepared a post-specific plan for assisting private American citizens in an emergency, especially important in the first crucial hours of a crisis. A handbook outlining consular emergency procedures should be a key component of the plan. Consular personnel should be assigned designated emergency response roles and responsibilities. The post should also provide disaster response training for the American community, with regular refresher exercises. It should strengthen contacts with authorities responsible for catastrophe reaction, including host government and transportation industry officials. The Emergency Planning Handbook, Consular Management Handbook, and Consular Best Practices Handbook supply guidance on how to accomplish these goals.

Recommendation 27. Embassy Bucharest should develop a consular emergency response plan for the non-official American community. (Action: Embassy Bucharest)

Visa Issues

It is in the matter of visas that the MPP's nuanced preference for encouraging travel to the United States over controlling how immigrants and non-immigrants enter the United States is the most revealing. The Ambassador's attitude toward visa issuance reflects it. He has never ordered a consular officer to issue a visa, but officers said, and OIG observed, that the Ambassador's persistent telephoned inquiries and repeated e-mails about individual cases, his demands for written explanations to him and to applicants, and other forms of involvement, verge on intimidation. This is a pattern of behavior that goes beyond the occasional appropriate inquiry that other ambassadors have been known to make by telephone or e-mail. Examples during the inspection included repeated (as many as 5-7 times) inquiries into specific nonimmigrant visa applications, requests for several oral and written reports on these cases, and other interventions. In a setting in which almost one-half of nonimmigrant visa applicants are ineligible, officers sense that the Ambassador has little confidence in their judgment and shows little loyalty to employees trying their best to do their job and serve their chief.

Visa policy and programs are important factors on the U.S.-Romanian consular agenda due to the strong desire of many Romanians to improve their living conditions in a stable environment outside of the country. Romania's failure to improve or maintain its economic situation serves as a push factor for those seeking better lives in the United States, while the well-established Romanian-American community acts as a pull factor. More than 40 percent of first time Romanian visitor visa applicants fail to qualify for issuance. Many people who are not eligible for American immigrant or diversity lottery residence visas apply for nonimmigrant visas as a method of entering the United States. Requests for reevaluation of visitor visa applications and a lack of staff add to the pressure and hinder consular antifraud activities. These circumstances demand much effort to provide courteous, efficient service while maintaining the integrity of U.S. laws and regulations. Romanians and Americans surveyed agree that outreach efforts contribute to an improved understanding of the process.

The consular section strives to fulfill its obligations by clear explanations of U.S. policy and law and by careful adjudication of visa applications. The Ambassador and consul general emphasize a client-friendly approach, which the staff endeavors to achieve. OIG counseled some employees on improving their interaction with the public at the counter. The Ambassador encourages visa questions at town meetings in Romania and the United States and collects materials (as many as 80 inquiries) to pass on to the consular section. Requests often relate to individuals who cannot qualify for visa issuance and who appeal for reconsideration of their eligibility. The consular section scrupulously evaluates each referral and prepares written responses. Many have already been through reconsideration procedures at least once. While this practice clearly promotes a client-friendly policy, it duplicates effort and places a considerable burden on the section (see discussion below).

Romanians who do not qualify for American visas sometimes resort to any means to obtain them. Besides using fraudulent documents and identities, unqualified visa applicants frequently seek intervention by high-ranking Romanian officials. Other unsuccessful visa applicants appeal to American officials at many levels. The consular section expends inordinate effort in responding to inquiries relayed by or received from post management.

The tremendous demand for information led the section to refine its outreach programs to explain the policy and law to the public.

The post does not accurately gauge antifraud statistics. Better methods to identify and report such work were therefore explained. The factors described earlier in this report illustrate the dimensions of potential visa fraud in Romania. The post grasps the issue but lacks the personnel to proactively pursue it. The embassy requested an additional antifraud FSN position in 1997 and continues to follow up. OIG supports that request.

Recommendation 28. Embassy Bucharest should establish, fund, and fill an additional Foreign Service national position by FY 2000 for consular anti-fraud work. (Action: Embassy Bucharest, in coordination with CA, EUR, and M/DGP)

Visas Viper Program

The Visas Viper Program (VVP) requires that information on “people who may threaten the welfare of the United States” that is held by mission elements be shared with the consular section for submission to the Department. The Department reviews consular reports to identify persons for possible inclusion in the Automated Visa Lookout System. Embassy Bucharest holds inter-agency meetings and submits required quarterly VVP program reports as scheduled, but there have been no VVP candidates since 1995. The current VVP meeting venue may inhibit frank discussion because it is an unclassified setting which adds to the impression that this is a pro forma activity.

Adoption Issues

Romania is one of the top 10 sources of foreign children adopted by American parents, and the consular section heads the mission’s activity on this issue. Besides the Romanian Government, private agencies and facilitators play roles in the adoption regime. The post continues to work toward obtaining clearly enunciated policy and procedural guidance from all players. Consular staff maintain ongoing relationships with policy-makers at the Romanian National Adoption Center and with the Ministry of Justice to keep the process moving and to maintain Romanian confidence in the system. Cumbersome regulations, gross abuse of the adoption process, and burdensome, changeable Romanian requirements mean that the embassy must remain extremely vigilant in assisting prospective parents and administering U.S. law. The embassy has almost finished work on a comprehensive easy-to-understand handbook designed to guide prospective adoptive parents through the process, a meritorious, if overdue, undertaking.

Restitution Issues

Romanian officials have decided to return nationalized properties to their previous owners and will undertake to return real (or other) property to former owners that governments since 1946 confiscated or otherwise converted to state ownership. This policy requires considerable clarification by the Romanian Government as to procedures, standards and proof of ownership. American citizens have been seeking the embassy’s help in recovering possession of property formerly owned by their families. With strong

encouragement by the Ambassador, the consular section is preparing an informational booklet on restitution. It will be available later this year.

Consular and Diplomatic Readiness

Americans resident in Romania commend the Ambassador's distinct emphasis on consular outreach and service. At his charge and with his full endorsement, the section set the idealistic goal of being the Best Consular Section in the World by 2000 in terms of service. However, no benchmarks have been set to chart progress. Objective measurement of consular efficiency and accuracy as well as client and staff opinion could serve as yardsticks. Post management now believes that consumer satisfaction surveys will provide the answer and it has sought guidance from the Department on survey methodology. The embassy recently implemented several consular best practices and continues experiments with others. Almost 1,000 U.S. citizens are registered with the American Citizens Services (ACS) unit; the consul general estimates that about 2,000 Americans actually live in Romania and another 66,000 visit annually. Headed by an FO-01 consul general, the consular section consists of four units. One officer and two FSNs staff the American citizen services unit; an officer, a consular associate, a Fascell Fellow, and four FSNs perform nonimmigrant visa work; an officer, a PIT employee and three FSNs do immigrant visa tasks; and a PSC employee and two FSNs carry out cashier and correspondence duties. The section adjudicated over 6,000 immigrant visas, more than 36,000 nonimmigrant visas, and 3,800 diversity lottery immigrant visa applications as well as about 1,200 citizenship/passport requests in FY 1998.

The embassy's MPP includes specific strategy and objectives aimed at enhancing American citizen interaction in Romania but none dealing with visa problems or border security. No implementation plan exists to describe visa-related mission policy goals. Embassy Bucharest's consular officers establish policy direction and standard procedures orally and by circulating the Department's consular policy, management and other cables. Few documents fix post-specific standard operating procedures for citizenship or visa matters. Employees thus lack written policy or procedural guidance. Such materials are especially useful for new employees as they augment on-the-job and other training efforts. For all employees, they help ensure consistency in dealing with the public and providing information and services. The deficiency leads to confusion over even routine issues such as nonimmigrant visa interview parameters. Some employees state that they are unaware or unsure of general policy or procedural guidance, and a few have needed repeated individual counseling to conform to post procedures. The Consular Management Handbook (CMH) requires that standard operating procedures be established, documented and circulated so that all are aware of and can act on them.

Recommendation 29. Embassy Bucharest should comply with the Consular Management Handbook chapter 5 requirements and establish, distribute, and enforce written standard policy and operating guidance for each consular section unit. (Action: Embassy Bucharest)

Physical Environment and Security

While the consular section has sufficient if non-contiguous office space, public waiting areas are in five locations on several levels. No wheelchair access exists. The shabby, warren-like public areas cannot accommodate the clientele. Unsatisfactory public waiting space makes it difficult to serve the public and increases client anxiety and irritability. Lack of privacy during interviews further impedes operations. The building floor plan restricts officer line-of-sight supervision. Plans to improve this situation are in the works with a major refurbishment scheduled for FY 2000.

Consular units use Bureau of Consular Affairs (CA) supplied computer hardware and software. During the inspection, a team installed year 2000 (Y2K) compliance software for all consular computer systems. Consular section physical security measures include client screening at the street entry and in the waiting room and standard hard-line ballistic interview and document pass-through windows.

VI. SECURITY AND THE SUPPLEMENTAL APPROPRIATION

[-----

-----]

Program Overview

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

-----]

Imminent Danger Notification System

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]
[-----

-----]
-----]

[-----

-----]
-----]
[-----

-----]
-----]

[-----

-----]
-----]
[-----

-----]
-----]

[-----

-----]
-----]
[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

Chancery/Consulate Compound Perimeter

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

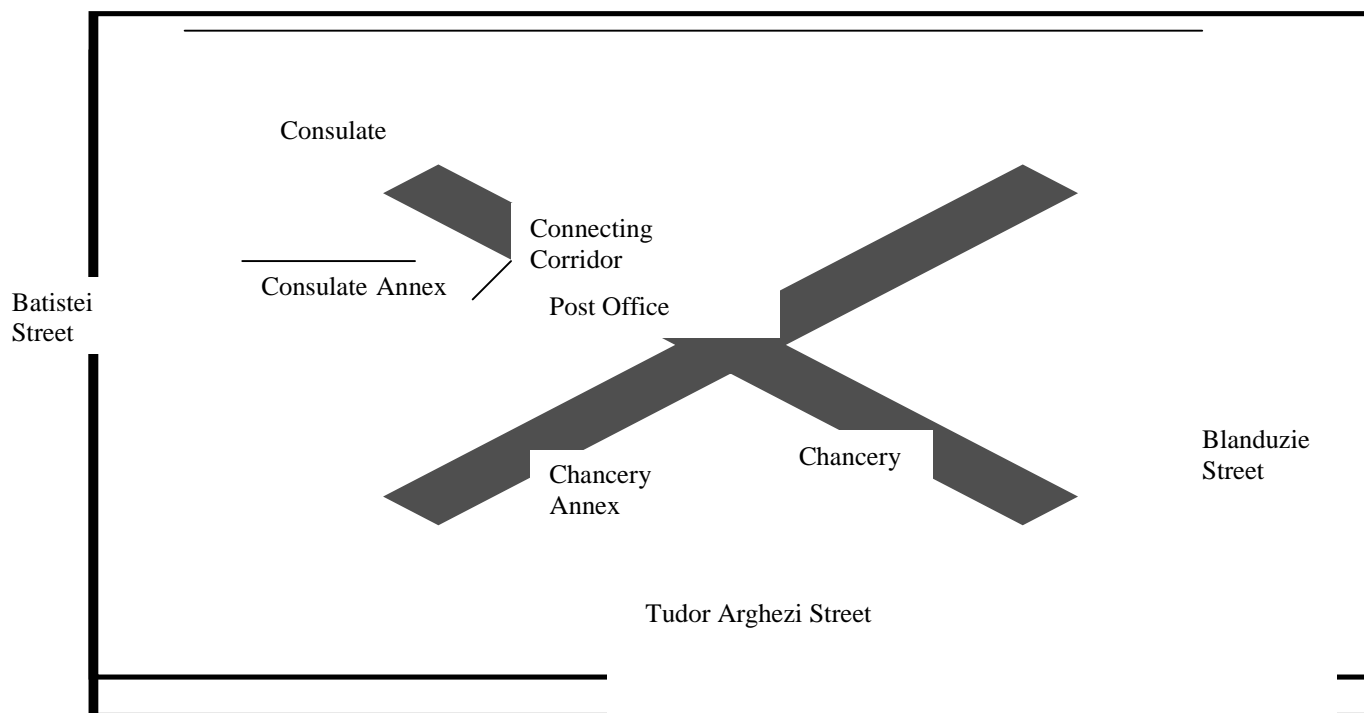
[-----

-----]

-----]
[-----

-----]

Nicolae Filipescu/Snagov Street



Embassy Bucharest Site Map

Vehicle Gates and Barriers

[-----

-----]
-----]

[-----

-----]
-----]

Window Protection

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]

Consulate Perimeter Access Control Facility

[-----

-----]

[-----

-----]

Access Control Facility at the Ambassador's Residence

[-----

-----]

[-----

-----]

[-----

-----]

Surveillance Detection

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

[-----

-----]
-----]

VII. DIPLOMATIC READINESS

As discussed in this and other sections of this report, important post resources, both human and financial, have been put to questionable use. For example, where there had been none before, the front office added two special assistants. One had been the only functioning economic officer at post, and one, locally hired, is dedicated principally to programming the Ambassador around the United States and supporting Romania's participation in the 1999 Smithsonian Folklife Festival. The Ambassador also used post funds for regular trips to the United States to meet with Romanian-American and Hungarian-American groups outside the Washington area to focus on what the embassy could do for them, and he assigned an economic officer to an in-country roving assignment from which no reporting product was received or demanded. At the Ambassador's direction, the embassy hired six FSNs to perform MPP-related activities, but none was assigned to an important consular anti-fraud position that had been pending since 1997. In a broader context, funding for some projects has been based more on personal preference than established priorities. Such actions fall within an ambassador's discretionary authority, but not all of these could be called a good use of embassy resources. The Department has been complicit through its acquiescence in and its failure to question such patently irregular expenditures. Morale is generally low, and replacement of officers is difficult. Qualified officers are not interested in jobs that normally would be attractive. The branch office at Cluj-Napoca should be closed.

Recommendation 41. The Department should place such limitations as experience has shown to be advisable on Embassy Bucharest's use of its post allotment, particularly for such purposes as out-of-country travel and local hiring.
(Action: EUR)

Embassy Branch Office at Cluj-Napoca

In 1994 the embassy opened a branch office, also known as an information office, in the Transylvanian city of Cluj-Napoca. The office's origins lay in congressional concerns over the possible resurgence of centuries-old ethnic tensions in that area between Romanians and the large (22 percent of the region's population) ethnic Hungarian minority. Its purpose was to monitor and report on this problem. The office consists of one FS-02 American officer whose tour of duty ends August 2000 and one FSN-8. Salary and operating costs in FY 1999 are estimated at \$168,000.

By treaties signed in 1996 and 1997, Romania and Hungary provided mutual guarantees for their respective minorities and settled territorial claims, beginning a process that has done much to reduce ethnic tensions. A Hungarian Consulate General in Cluj-Napoca opened in 1997, and the Hungarian political party in Romania fully participates in national politics. It is now a member of the governing coalition. Occasional vandalism shows that the problem is not completely solved, but ethnic Hungarian residents and

Romanians believe it is on the way to solution. Embassy documents and the Ambassador's speeches emphasize this point and identify Romania as a model of ethnic harmony.

There is little sign of American interest, private or public, in the Cluj-Napoca area. Though important as an educational center, there is little contact with American universities. Tourists are few. Aside from an information technology firm that has shown interest in Cluj, there is only one small-scale American business. A number of even smaller, partly nominal, joint ventures exist, but the best-known American franchises and distributors have no American employees. The quasi-public, USAID-supported Romanian-American Enterprise Fund intends to place a representative in Cluj to scout for business opportunities, but so long as Romania remains in its present deep recession, these are likely to be scarce. All told, the resident American community around Cluj is approximately 100, mostly missionaries.

The embassy's interest in the office is equally insubstantial. On rare occasions the embassy will request a memorandum about a local event, and from time to time the office will volunteer one, but there is no indication of how or whether such information is used. Draft reporting telegrams, including a prescient 1998 warning that coal miners remained a disgruntled potential source of trouble, have not been forwarded to the Department, so that this function has been effectively discouraged. The office does not receive copies of embassy cables, though most of them are unclassified and could be provided. There are few visitors. The Ambassador has been to Cluj-Napoca twice, but other embassy officers have not visited in the past 18 months.

The American officer is engaged mostly in public diplomacy, consular affairs, commercial work, political affairs and post administration in that order, while the FSN's duties are primarily of a consular and administrative nature. In effect, the office has become a consular information center (visas) and a support point for its 100 American citizens.

The branch office serves no significant policy purpose and no national interest. Though not large, the \$168,000 annual costs and the office's two positions are being wasted.

Recommendation 42. The Department should close Embassy Bucharest's branch office in Cluj-Napoca. (Action: EUR, in coordination with M)

Recommendation 43. The Department should reprogram political officer position number 10-083 and political/administrative assistant position number N12-001 to a post with greater need. (Action: EUR, in coordination with M/DGP)

Administrative Operations

Administrative operations received uniformly low scores in most areas on the OIG administrative services satisfaction questionnaire. Among the exceptions were the performance of the MSG detachment and the health unit. OIG concluded that reality was not as bad as the numbers portrayed and that the low scores, to a great extent, were attributable to low post morale. Administrative personnel were working hard to cope with a different front office management style and demands, while complying with law and regulation.

Personnel

Personnel operations overall are good and have succeeded in keeping up with the demands of an energetic mission operating in a transitional economy. Maintaining a satisfactory level of personnel services, however, has required considerable effort on the part of the FSN staff and the one American officer, who is also the financial management officer. As a result, personnel issues sometimes fall behind the more pressing budget and financial demands. The workload directly related to personnel is insufficient for a full-time American position. But the intricacies of personnel issues in a developing mission require a more experienced officer. To their credit, the American officer and the two FSN personnel staff have worked hard to improve responsiveness and operating procedures.

FSN Issues -- OIG met with representatives of the recently formed FSN Employee Association who expressed their appreciation for post management's having encouraged the Association's formation. The FSN employees felt they had not received support and understanding from the previous post management.

Compensation -- Salaries and an anticipated salary increase, pending review in the Department, are the primary concerns of FSN employees. The compensation plan established in 1991 was denominated in U.S. dollars because of erratic fluctuations in the Romanian currency exchange rate and was greatly appreciated by FSNs. The FSNs believe their income has steadily deteriorated over the intervening years. Salary surveys conducted by the embassy between 1991 and 1997 had not resulted in any salary increases. In 1998, with the move to the worldwide off-the-shelf FSN salary survey system, a 5 percent across-the-board salary increase was granted, mainly through post management efforts. Because of FSN concerns that comparators used in the 1998 survey were not appropriate, the commercial firm conducting the 1999 survey greatly expanded its comparator base to collect data from a broader range of companies. FSNs expect this will result in a substantial increase to offset the erosion of their salaries over the past 7 years.

Other Benefits -- Additional issues raised by the FSN Association concerned the possibility of a supplemental retirement plan and a medical assistance plan. These benefits were reviewed by the Department as part of the 1998 compensation survey and the embassy was informed that prevailing practice did not support either one. At OIG's request, the Department looked at benefits in the 1999 compensation survey, with the same results. A draft Romanian law that will set a maximum cap on pensions regardless of the amount of contributions to the retirement system, with pensions to be paid in local currency, naturally has the FSN employees concerned for their future, as does the viability of the Romanian social security system. The embassy will continue to monitor these issues.

Leave and Severance plans -- The FSN Association also discussed changes to the local leave and severance pay plans, which OIG brought to the attention of the personnel officer. One other concern, a meal allowance, is under consideration by the embassy as part of the 1999 compensation survey.

Income Tax -- After much deliberation, the Department agreed to comply with a 1990 Romanian income tax law that assigned to the employer the responsibility for withholding and paying employee income taxes. The decision has placed the embassy in the position of

acting as tax collector for the host government. The Department's decision to assume the burden of compliance with Romanian law by withholding income taxes interposes the embassy between the local government and its citizens.

USAID FSN Tax Exemption -- In August 1996, a bilateral assistance agreement was signed with the Romanian Government that contained a clause [Article III (D)] which stated that Romanian nationals employed by the U.S. Government or any public or private organization working with assistance programs shall be accorded favorable tax treatment. The embassy interpreted the agreement as a clear intention to give an advantage to certain Romanian employees, specifically those working for USAID, by freeing them of income tax liability. Consistent with the Department's unified employment policies, the embassy decided in November 1996 to extend this benefit to all FSNs and ceased paying income tax withholdings to the Romanian Government, depositing the money in a suspense deposit abroad (SDA) account instead.

The Department advised the embassy in April 1997 that all agencies must adhere to the interagency regulations on FSN compensation. Its review of salary survey data indicated that the tax-exempt advantage would result in USAID employees being compensated well above prevailing practice and contrary to U.S. law. The Department did not object to the embassy continuing discussions with the Romanian Government to extend tax-exempt treatment to all FSN employees in the mission, but pointed out that any savings from a reduced tax liability would accrue to the U.S. Government. The embassy, in June 1997, returned to the status quo, withholding and paying income taxes and back taxes to the Romanian Government for all FSN employees except those in USAID. To equalize the net take home pay for all FSN employees, the embassy continued to deduct from USAID employees' gross salary their estimated income tax liability and to deposit it in the SDA. Since then, USAID local national employees have made continuous requests to be given this money.

Throughout 1998, post management and the USAID mission director discussed various options to resolve the issue and, during the inspection, reached an agreement based on the Department's uniform employment policy that all FSNs be treated equitably and given the same benefits. That is, since a tax-exempt status for USAID local national employees would result in higher take home pay, it should be rescinded. The embassy plans to negotiate and amend the bilateral assistance agreement to delete the clause containing the tax-exempt language. The embassy proposes to inform the Romanians that the U.S. Government will no longer invoke the tax-exempt clause, and that USAID local national employees, like other FSNs, will be liable for income taxes. The embassy will withhold and pay these taxes to the Romanian Government. As part of the agreement, senior officials at post also proposed that the funds in the suspense deposit abroad account should be paid back in full to USAID national employees, based on the withholdings from their salaries.

The joint local compensation plan states that, for tax-exempt employees under the bilateral agreement, the embassy will return the money to the USAID budget each month. This has not been done. The tax exemption issue has already polarized the FSN workforce. Paying the money to USAID employees would provide them with a windfall and create an even greater divide. This decision contradicts the principal reason behind the embassy action

to rescind the tax-exempt status of USAID employees, that is, to make compensation equitable for all FSN employees.

The income tax withholdings, which have continued to be made and deposited in the SDA account for USAID employees, pursuant to the bilateral assistance agreement, now totals over \$170,000. As previously stated, the Department indicated in April 1997, that this money belongs to the U.S. Government and should be returned to the Treasury. The Department guarantees a right to a salary that is competitive in the local market, not to a gross salary without taxes. OIG believes USAID attempts to use the bilateral agreement to obtain a higher salary were misguided and should not have been agreed to by mission management.

Recommendation 44. Embassy Bucharest, before taking any other action, should obtain a legal opinion addressing the disposition of the money being held in the suspense deposit abroad account and seek the concurrence of the Department and USAID headquarters on a final resolution of the issue. (Action: Embassy Bucharest, in coordination with EUR, L, PER/OE and USAID Washington)

Real Property

There are no government owned or long-term leased properties in Romania. Most properties including the chancery, annexes, and the EMR have been leased from Romanian Government organizations. Virtually all property had been confiscated from owners by prior communist or totalitarian regimes. Recently, laws have been passed addressing property restitution, and owners have been making contact with tenants. The situation is in flux and may involve renegotiation of leases before their expiration dates. The owner of the property where USIS is located, for example, threatened eviction unless certain changes to the lease were made. These changes, made urgent by the OIG recommendation that FCS move to the USIS building and consolidate the IRC and FCS library, are now pending approval in the Department. There are three owners of the parcel of land on which the EMR is located.

The Chancery and Annexes -- The landlord, LOCATO, a Romanian Government organization, has completed major renovations on the buildings housing USIS and the American Center. The embassy is now considering major projects to renovate and remodel the consulate building and to renovate and reassign space in the chancery building.

The Consulate building is over 100 years old and needs to be upgraded to ensure occupant safety. If the unused attic can be converted, it will provide needed additional office space. The embassy and the landlord are looking for suitable swing space and the post is preparing justifications to send to the Department (DS and A/FBO) for its approval.

Plans to reorganize space in the chancery are less definitive and range from major changes, such as de-controlling access to the first floor of the chancery and moving FSN staff into these areas, to minimal changes, such as establishing a reception and meeting area on the first floor. The Department (DS and A/FBO) will also have to play a major part in these renovations, if the post decides to pursue them.

Residential Property -- The quality and availability of residential housing is improving. A/FBO has assisted in obtaining better housing by approving leases in newly

constructed buildings. However, the attempt to secure quality housing in the near future will not bear fruit. A negotiated build/lease agreement, valued at over \$1 million, has long expired. The landlord, R.G. Welling & Associates, has not begun to perform within established time frames. The agreement to lease 25 housing units, executed May 5, 1998, is no longer valid. The landlord was to commence construction within 90 days of the execution of the lease or by August 5, 1998. As of June 1999 nothing has been done. The site originally proposed is no longer available and the alternative now being contemplated is undesirable. The site is in an industrial area and is located next to woods on one side and a railroad track on another side. Freight trains operate there throughout the day. The land is swampy, and soil surveys have not been made. Infrastructure is minimal. There is only one access road, and it is unpaved. The alternate road would not be passable without a four-wheel vehicle for several months a year. Public transportation is not available. Finally, the landlord does not yet have title to all of the land.

As mentioned, the housing situation in Bucharest has steadily, if slowly, improved in the past few years. The post is receiving proposals from reliable landlords for leased housing located within easy commuting distance. These proposals should be explored before entering into long term agreements for which land titles are not clear.

Recommendation 45. Embassy Bucharest should exercise the termination provisions of the Agreement to Lease signed 5 May 1998 with R.G. Welling and Associates. (Action: Embassy Bucharest, in coordination with A/FBO)

Recommendation 46. Embassy Bucharest should establish procedures to ensure that solicitations for residential housing are addressed only to reliable landlords and activities where land title will not be problematic. (Action: Embassy Bucharest)

The Interagency Housing Board

Procedures for assigning residential housing do not meet required standards. Equity in the housing program received a relatively low score on the inspectors' administrative services satisfaction questionnaire. There was considerable dissatisfaction over the lack of transparency in the discussions and decisions of the Interagency Housing Board (IAHB). Although 6 FAM 722.3 provides that the post IAHB maintain written records of its meetings, including justifications for decisions, the post did not record or retain meeting minutes. Instead, the Board sent to the Ambassador memoranda that delineated recommendations for housing assignments and requested agreement or disagreement. This procedure, in effect made the Ambassador responsible for housing assignments and effectively eliminated any appeal process. Paragraph 6 FAM 722.2-2 states that the Ambassador or principal officer, and the deputy chief of mission (DCM) shall not be members of the board, as these individuals serve in the direct line of appeal if an employee disagrees with a board decision. Embassy procedures are in conflict with those regulations.

Recommendation 47. Embassy Bucharest should revise the procedures of the Interagency Housing Board to require the maintenance and publication of minutes of meetings including the justifications for decisions taken. (Action: Embassy Bucharest)

Recommendation 48. Embassy Bucharest should revise its procedures for making housing assignments to eliminate the requirement for chief of mission agreement. The role of the chief of mission and the deputy chief of mission in the direct line of appeal should be delineated. (Action: Embassy Bucharest)

Budget and Fiscal Operations

Budget and fiscal operations are better than satisfactory. This is a significant accomplishment for the officer, who also heads the personnel unit. The officer strengthened fund availability reviews and cash controls. The post cashier is the paymaster and tax collector. The cashier prepares and distributes pay for over 200 employees every 2 weeks, and estimates and deducts income taxes and Social Security to send to Romanian authorities. The officer and staff will have to pay closer attention to the thoroughness of descriptions of supplies and services ordered (see recommendation 60).

International Cooperative Administrative Support Services

At the time of the inspection, 19 agencies were participating in ICASS. Front office involvement and participation in council meetings and deliberations was minimal. However, the system is functioning. Both USAID, and to a lesser extent USIS, have administrative units which make them self-sufficient in some areas. Neither agency provides support to the mission, nor does the council foresee any change, particularly given the pending consolidation of USIS and the State Department. Plans for consolidating USIS employees into State Department embassy operations have been developed and training programs are in effect.

Serviced agencies do not believe that ICASS has produced savings nor do they expect any in the foreseeable future. Except for the award of contracts for maintenance of heating systems and generators, most functions performed by American or personal services contractors have not been contracted. Contracts should be awarded for char and gardening services, currently performed by direct-hire employees (see recommendation 52).

General Services

Operations -- The general services unit functions fairly well with weaknesses mainly resulting from outside influences. For example, infrastructure in Bucharest is deteriorating rapidly after years of neglect by prior regimes. The embassy's physical plant is old with some buildings dating back to the 19th century. Staffing gaps have been the norm and most FSN employees are comparatively new. If morale related to housing is to improve, the need for new furniture and furnishings must be addressed and given a higher priority than other presently imposed budgetary priorities such as in-country travel and buying an excessive number of printers. In addition, a preventive maintenance program must be made to work.

Requirements Determinations -- Procedures need to be strengthened to establish and prioritize needs for both nonexpendable and expendable supplies and in funds budgeted to meet those needs. Because of the lack of procedures, residential furniture is old and worn, stained and scarred. Sufficient replacements are not on hand or on order. Morale, universally low at the post, has been further affected because of the condition of furniture

and furnishings. Budget submissions for FY 1999 and FY 2000 do not request sufficient funds for minimum replacement needs. In some instances, office furniture and equipment appear to have been ordered for an individual, for example, furniture was ordered to benefit the administrative counselor instead of for urgent general requirements; funding for office equipment was diverted from a required expendable supplies order, which was canceled.

Unnecessary time and effort are expended in determining requirements and quantities of expendable supplies to be ordered because the full capabilities of the Department's automated system are not being utilized. Requirements determinations which should be system-generated are being made manually. The order tracker system, for example, is not being used because it does not function properly. The post has not determined if the problem lies with a lack of familiarity by post personnel or if there is a flaw in the system.

Department support is also needed to resolve long-standing problems with copier machines, valued at over \$30,000, funded and ordered by the post in FY 1997 but never received. Post follow-up had no positive results. The post was informally advised that the copiers might have been sent to another post. The embassy also placed an order for transformers, but they, too, were never received. The transformers, which were received in the Department, are not UL rated, and the vendor refuses to accept returns. In both cases, the post does not have the items it ordered and the obligated funds have not been restored.

Recommendation 49. Embassy Bucharest should establish requirements for furniture and furnishings and submit revised budget requests to include funding for required replacements. (Action: Embassy Bucharest, in coordination with EUR/EX)

Recommendation 50. Embassy Bucharest in coordination with the Department should initiate necessary actions to make the expendable supply system fully operational. (Action: Embassy Bucharest, in coordination with A/LM)

Recommendation 51. The Department should complete procurement actions to provide Embassy Bucharest with the copiers (P.O. 8650-712749 - 97 State 185676) and transformers (99 State 018957) it ordered. (Action: A/LM/ACM/FSCP)

Maintenance -- Improvement in maintenance operations began last year with the establishment and hiring of a skilled FSN engineer and an FSN maintenance inspector. These positions will provide continuity, and the incumbents should prove to be invaluable resources. Through all this, the diligence of the FSN maintenance assistant has kept operations running. The embassy also was fortunate to fill the staffing gap left by the facilities maintenance specialist who departed post this past spring. The replacement is an experienced, competent family member on a PIT appointment.

Responsiveness to maintenance work orders was a source of many complaints to OIG. There are several contributing factors; some the general services office can remedy, such as a preventive maintenance program, others they cannot control, including the age and deterioration of buildings and systems, delays in obtaining parts, and expediting major repairs by landlords. The embassy is trying to reorganize maintenance operations into two sections, with preventive maintenance and operational teams for routine and emergency

repairs. Integral to this reorganization is development of a preventive maintenance plan that will greatly reduce the number of work orders and emergency repairs. One of the early steps taken towards establishing a viable program was awarding service contracts for heating systems and generators. The maintenance operations section has worked hard to improve the work order system by prioritizing requests, setting up teams of skilled tradesmen, and providing status reports by e-mail to embassy employees.

With only seven FSN custodial workers and three gardeners, the general services office has found it difficult to properly maintain the chancery and annex buildings on the two compounds and the grounds of the principal residences. The FSN custodians and gardeners are long time employees of the embassy. They perform their jobs well, but cannot provide the level of service required to maintain large, historical buildings and extensive grounds. As a result the buildings are in poor condition. The heavier requirements of cleaning large windows, high ceilings, drapes, furniture, and carpets, and regular lawn and gardening care remain undone. Embassy funds could be better used by establishing maintenance contracts to provide more efficient and cost effective custodial and gardening services.

Recommendation 52. Embassy Bucharest should award maintenance contracts for custodial and gardening services. (Action: Embassy Bucharest)

Information Management and Year 2000 Issues

Embassy Bucharest has invested heavily in improving its communications infrastructure and has made important gains. Romania's telephone system currently is mostly an analog pulse dial system with the limitations that entails. Beyond that limitation, the embassy has done all it could to reshape and modernize information management, including an innovative internal embassy website. Voicemail has been installed and an international voice gateway (IVG) dedicated telephone circuit between the post and the Department became operational during the inspection. The IVG will facilitate communication with the Department and reduce costs. The installation of a common transmission facility has also been completed, including do-it-yourself efforts by information management personnel to improve their work area.

The Ambassador's major effort to improve information management has been the "Internet-everywhere" project. A comprehensive program to put the Internet on the desk of every American and FSN employee has essentially been completed. This has been done in conjunction with the upgrade known as a logical modernization approach (ALMA), the upgrading of consular systems, and bringing the mission into compliance on "Year 2000" (Y2K) goals. In the process, the embassy has not only upgraded and modernized its computer hardware but has improved the way in which it communicates both internally and externally. Contrary to Department practice, which calls for the Department of State OpenNet to be the primary system, the Internet has become the primary system of communication. The embassy, using the consular section as the lead, has also made the Internet a tool for outreach to the resident American community and Americans in the United States with an interest in Romania.

A determined effort to make the embassy a model in Internet access and usage has paid dividends by improving internal communications, making better use of resources

available on the Internet, and putting American residents in touch with their embassy. Despite its benefits, at least two problems have arisen with the implementation of the Internet-everywhere project. One involves inappropriate use of resources in the purchase of printers in excess of embassy needs. The other was the embassy decision to proceed with the installation of its Internet local area network (LAN) without prior Department approval, especially with regard to security concerns.

Requirements to obtain Department authorization to install the Internet LAN were not met. In the embassy's haste in the fall of 1998 to install the Internet LAN, the first phase was initiated in the executive section without required Department approval. In response to an October 6, 1998 telegram from the Department stating that posts must obtain approval from the bureaus of Diplomatic Security and Information Resource Management prior to implementing a dedicated Internet LAN, the embassy advised the Department, on October 9, 1998, that an Internet LAN had been installed at the direction of the chief of mission, and requested the approval of DS and IRM after the fact. The Department sent an interim response on December 3, 1998, saying that approvals were being held in abeyance while the Department grappled with issues of user compliance and accountability. Formal approval did not come until March 25, 1999. But the chief of mission had issued instructions on February 3, 1999 to place the remainder of the embassy Internet LAN in operation; the LAN infrastructure had been installed earlier in anticipation of approval. The Ambassador believed he had received Washington approval to proceed. A Department memorandum to OIG, however, confirms that approval did not come until March 1999. An e-mail message from a senior Department official advised the embassy that the Under Secretary for Management did not approve operating Internet on a separate LAN overseas until March 10, 1999, and that a cable, the usual message of record, would be sent out within 2 weeks. OIG finds that the chief of mission acted incorrectly in directing the installation of a portion of the Internet LAN in the fall of 1998, and that the Department was also negligent, once it became aware that a partial network was functioning, in not clearly instructing the embassy to turn off or disconnect the unapproved Internet LAN, pending approval.

The embassy is budgeting for the purchase and installation of quantities of computer printers that exceed its needs, while other needed items remain unordered. The embassy's goal is to provide every user with a dedicated printer. At present, the primary system for the embassy is the Internet LAN. One of the virtues of a LAN is that, unlike stand-alone PCs, it is not necessary for every user to have a dedicated printer. Rather, LAN users need only be in relative proximity to shared printers. This saves on hardware costs and causes only minimal inconvenience. Those with special needs, such as cashiers who must print out receipts and who for control purposes cannot share, and other high volume or priority users, such as front office staff, should still have printers on their desks. In addition, it is not necessary for every dedicated printer to be a high cost laser printer when a lower cost printer option may be satisfactory for low volume users. Classified systems must have separate dedicated printers.

Minimal use is also being made of "A/B" switch boxes which enable users with dedicated printers to switch back and forth to support printing requirements from both the Internet LAN and the OpenNet LAN. Some staff now have two computers and two printers in order to service each network.

Recommendation 53. Embassy Bucharest should establish printer requirements based on shared utilization and a greater use of lower cost printer options. Excess laser printers budgeted in the Mission Performance Plan should be canceled. Excess printers on hand should be disposed of in accordance with 6 FAM. (Action: Embassy Bucharest)

With all of the work information management personnel have been doing to complete the Internet-everywhere project, upgrade the transmission facility, and ensure the Y2K compliance of systems, overworked staff have been stressed further by overtime caused by front office work habits. There is also little sharing of pouch duties. In 1 week of the inspection, over 4 tons of controlled pouches were picked up in three deliveries. Only two employees are able to do the hard labor, which absorbs 2 staff-days a week. The work is made even more demanding by the lack of elevators or ramps into the embassy's holding facility. This burden can be eased by redistributing airport clearance badges so that personnel from other agencies accounting for pouch volume can share in pouch duties.

Recommendation 54. Embassy Bucharest should expand its responsibilities for pouch operations to include other agencies, review the distribution of airport ID badges and reassign them to those who can assist with pouch duties. (Action: Embassy Bucharest)

Y2K Preparations -- An ALMA team visited the post during the inspection. The embassy operates its unclassified systems in an ALMA-compliant Windows NT-based environment. All State computer systems have been tested for Y2K compliance. New Y2K-compliant hardware for classified processing is being installed. The call accounting system is not Y2K compliant, but the Department has announced it will replace the system. Other agency systems not Y2K-compliant are scheduled for replacement this year. The Commerce system was replaced during the inspection. Only the several telephone exchanges in the mission are date-dependent. However, they will be re-set manually on January 1.

The post Y2K plan follows Department guidelines and includes prudent preparation. The plan is based on the assumption that there will not be major disruptions in Romania, because of the low incidence of computer automation and much local experience with manual systems. OIG tested this assumption independently with U.S. private sector representatives with a stake in the problem. For example, GTE has recently taken up the management of the Romanian telephone system. GTE advised OIG that it expected the phone system to be Y2K compliant by November. Raytheon employs 300 Romanians, most of whom are software engineers. Raytheon's American managers advised OIG, as did the GTE representatives, that in their opinion, any Y2K disruptions in Romania would likely be isolated, since there were only "islands" of computer automation in the country.

The main concern in Romania is for potential Y2K-related utility and transportation failures. According to a recent U.S. study, the millennium bug could affect two-thirds of Romania's computer systems. After data for the study was collected, the Romanian Government appointed a commission to address the problem. Though computerized systems are at risk, the low degree of computerization will blunt the scope of possible disruptions.

With the exception of a Canadian nuclear power plant of recent vintage, power generation in Romania is conventional thermal. There is concern for a nearby Chernobyl type reactor in neighboring Bulgaria. The consular section has devised a Y2K action plan for American residents and visitors and believes its warden system will be able to pass messages dealing with potential problems. The political-economic section has discussed Y2K issues with Romanian authorities, but the consular section has not. The essence of the embassy's Y2K plan for both official Americans and the resident American community is to ride out possible problems at home. The embassy's Y2K chief advised OIG that he hopes to coordinate a missionwide Y2K handbook for distribution in September 1999 to American citizens. This is an area where the American community could benefit from closer coordination between the consular section and the Y2K chief. By harnessing the information developed by the Y2K chief with the consular section's outreach capability the American community will be much better prepared to cope with possible Y2K exigencies.

The American School

The American International School of Bucharest (AISB) is the only viable option for educating most dependent children at post. In spite of its relatively high cost of instruction and the current economic recession, 40 percent of the enrollment is made up of Romanians, of whom as many as 90 percent are Romanian-American. The school is accredited by the New England Association of Schools and Colleges and the European Council of International Schools for grades K - 12.

The regional education officer (REO) visited the school in March 1999, and reported that he observed "a well-organized, sound instructional program and good teaching taking place at all levels." OIG's impressions support his view. An indication of quality is the fact that all of the most recent high school graduating class of 21 students, representing 14 nationalities, were accepted into American universities. While there were strong negative assessments from some embassy personnel whose children attend ASIB, other embassy parents disassociated themselves from those views.

Though embassy-sponsored children account for only 5 percent of enrollment, embassy staff are well represented on the AISB board, with the DCM serving as chairman. However, there have been some problems in communication and parental expectations. The director of AISB has already taken action to meet those concerns and is guiding the school through transitional adjustments to the curriculum that should shortly result in all grades from K - 12 being accredited in the International Baccalaureate program.

The American School has no official status in Bucharest. The post should initiate action to normalize it. In 1997, the Department sent a cable (97 State 059610) to posts located in former communist countries in Eastern Europe encouraging regularization of the status of teachers and schools. The Department planned to work closely with the embassies to achieve an arrangement in the host country that would have benefits enabling schools to function independently. There is no indication that the post initiated any action to normalize the school's status.

In at least one instance, the school was used as a conduit for someone with no privileges to purchase and register a vehicle. Regulation 2 FAM 221.2 provides that Foreign

Service posts shall not assist in obtaining diplomatic privileges and immunities for persons not actively serving as members of the official U.S. Mission. However, individuals not entitled to diplomatic immunities and privileges own and use vehicles that have been registered and issued license plates that should be limited to diplomatic administrative and technical staff. Most of these vehicles belong to the American School and/or teachers, and they are not diplomatic administrative or technical staff.

Recommendation 55. Embassy Bucharest should obtain guidance from the Department addressing actions to be initiated to normalize the status of the American school. (Action: Embassy Bucharest, in coordination with A/OS)

Recommendation 56. Embassy Bucharest should review the status of all possessors of diplomatic license plates for administrative and technical staff and withdraw those plates held by unauthorized individuals. (Action: Embassy Bucharest)

VIII. MANAGEMENT CONTROLS

All functional areas of the embassy except the political and economic sections (see section III of this report) achieved acceptable results on the Department's risk assessment and evaluations. The management controls certification highlighted weaknesses in delays conducting cash counts and noncompliance with FBO language in leases. There were some additional management controls weaknesses in some units of the administrative and consular sections. Improvements are needed for personnel and payroll operations, procurement, and consular records management.

Personnel

The personnel office has made improvements in management controls with the development of good standard operating procedures, checklists, and maintaining suspense logs of personnel actions due. There are also routine follow-ups. All Foreign Service employee evaluation reports were submitted on time with one exception, for which the Department was properly notified. There are four FSN performance evaluation reports overdue pending completion by the supervisor. The embassy is late submitting an updated post report to the Department and intends to hire a family member to complete the project this summer. The post differential report is in progress.

The embassy is designated a consumables post by the Department, and the mission staff are authorized a weight allowance for such a shipment. There are several conditions that must be present to justify a shipment. These include a limited availability of goods, the absence of a close source of supply, host government restrictions, and whether the post is too small for group orders or a commissary. The post is required to submit a new justification to the Department every 2 years (6 FAM 163.3-2). No documentation could be found in the post administrative files that a justification had been submitted in recent years. There are several Western type supermarkets in Bucharest, goods are available on the local economy, and the embassy has an established if limited commissary. The embassy should determine if there is a continuing need for a consumables shipment.

Recommendation 57. Embassy Bucharest should review the criteria for its designation as a consumables post and submit the required justification to the Department. (Action: Embassy Bucharest, in coordination with A/OPR/ALS)

Full time U.S. citizen direct-hire employees in Bucharest presently receive a 15 percent hardship differential. Payment of the differential should terminate whenever the employee commences travel to the United States, and the employees' spouse or family member over age 21 does not remain at post (paragraph 532 Standardized Regulations). The embassy, however, has not established procedures routinely to advise the payroll division of the Financial Service Center, Charleston of the change in employees' status and the need to

terminate post differential payment. Employees have continued to be paid this allowance during periods of travel in the United States, in effect being overpaid.

Recommendation 58. Embassy Bucharest should establish procedures to terminate post differential payments when employees receiving the differential commence travel to the United States. (Action: Embassy Bucharest)

Recommendation 59. Embassy Bucharest in consultation with the Financial Service Center, Charleston should review payroll records and official travel documents for employees previously and presently assigned to Bucharest to determine if collection actions for improper differential payments are required. (Action: Embassy Bucharest, in consultation with FMP/EX)

Controls need to be strengthened in the preparation and processing of purchase orders as well as in the gratuities program to ensure that vendors provide and bill for services actually required; to prevent fiscal irregularities; to preclude out-of-stock status for expendable supplies; and to limit gratuities to those who actually deserve the gift.

Actual requirements for articles and services are not always accurately delineated. A purchase order for legal services authorized by A/FBO contained none of the stipulations cited by A/FBO. As a result, services for attorneys that were not specified were billed, some at higher rates, and the invoices paid.

Recommendation 60. Embassy Bucharest should establish procedures in both the general services office and the budget and fiscal unit to require review of descriptions of articles and services to be procured to determine that purchase orders are complete. (Action: Embassy Bucharest)

A delay in processing an order for office furniture valued at \$10,500 at the end of FY 1998 resulted in the order being sent to the vendor past established year-end deadlines. Paragraph 216.2a. (4) 6 FAM provides that all purchase orders must be delivered, mailed, or pouched before October 1. The order had been filled at the time of the inspection. A determination should be made concerning the possibility of a fiscal irregularity and the requirement to report the violation (4 FAM 088).

Recommendation 61. Embassy Bucharest should determine if a fiscal irregularity occurred in the order for office furniture (SORO100-98-M-1634) and initiate any necessary reporting action. (Action: Embassy Bucharest, in coordination with FMP/EX and EUR/EX)

The gratuities program exceeds the purpose the program was meant to achieve. In calendar 1998, 1,029 gifts of which 726 were bottles of whiskey were distributed, mostly by FSNs. Many gifts went to vendors and suppliers, at an estimated cost of about \$7,500.

Recommendation 62. Embassy Bucharest should revise and reduce the gratuity program presently in place. (Action: Embassy Bucharest)

The Consular Section

Embassy Bucharest's consular management controls, except for the storage of blank consular forms, are inadequate. OIG counseled consular managers and accountable consular officers (ACOs) on the need to precisely account for controlled consular materials. The consul general explained that the press of business undermined the section's ability to meet standards. He made ineffectual attempts to obtain a Consular Management Handbook (CMH), the basic consular management tool. The section had only the Consular Best Practices Handbook, which provides some useful management hints but does not meet the section's needs. Although FSO and FSN position descriptions included ACO and consular sub-cashier job elements, the post had not formally assigned these duties to individuals as stipulated by the CMH. The section could not locate written transfers of ACO responsibility. During the inspection, the consul general properly designated FSOs to act as ACOs in the ACS and visa units. The ACOs, who backstop each other, now understand their responsibilities and at present comply with CMH standards in managing fees, receipts, sensitive consular computer system log-ons, and controlled citizenship and visa documents. In the course of the inspection, consular units also established documented ACO responsibility for consular seals, the Machine Readable Visa (MRV) system, the Automated Consular Cash Register System (ACRS) receipt printer and other controlled nonexpendable items. Blank controlled form inventories appeared accurate. The consular section stores such materials in accord with CMH parameters. [-----

-----]
-----]
-----]; consular managers should spot-check records and performance for conformity with Chapter 6, Consular Management Handbook standards. (Action: Embassy Bucharest)

The ACO for American Citizens Services oversees fee collections. He completed consular sub-cashier and alternate designations and updated cash advance arrangements during the inspection. The sub-cashier now shares an office with three other employees, but the projected renovation of the consular space should provide a secure location for the cashier. A Romanian bank collects most MRV fees under terms of an embassy-negotiated contact. An ACO began to compare NIV application rates against MRV fee collection reports during the inspection. This practice helps verify visa system security. A survey of randomly chosen consular accounts revealed no bookkeeping errors. However, the consular sub-cashier and the Class B cashier end-of-month collection reports had not been reconciled.

Recommendation 64. Embassy Bucharest should verify that accountable consular officers and staffers understand and apply the requirements for safeguarding consular fees; consular managers should spot check records and performance for conformity with Chapter 7, Consular Management Handbook standards. (Action: Embassy Bucharest)

Consular archives fail to meet Foreign Affairs Manual (FAM), Records Management Handbook (RMH) and CMH specifications. File administration has taken low priority

against the section's other commitments. Jumbled, lacking TAG category labels, encumbered with outdated materials, and difficult to use, file conditions impede prompt service. Correcting the disorder will take months.

Recommendation 65. Embassy Bucharest should review consular file holdings, comply with 9 FAM 42.83, Records Management Handbook and Consular Management Handbook file maintenance standards, and confirm ongoing consular record maintenance in accord with those requirements. (Action: Embassy Bucharest)

Embassy Bucharest's immigrant visa unit has not terminated inactive and non-qualified applications or cleared the related files. The unit now holds about 2 1/2 four-drawer file cabinets of immigrant visa case files. Superannuated files, mingled with active ones, occupy possibly one-third of these cabinets. A record file box contains additional cases judged ready for disposal. The number of inactive or abandoned applications and related files is unknown. Letters informing visa applicants of the post's intent to terminate dormant applications have not been sent as required by 9 FAM 42.83. "Termination one" letters, as well as the follow-up "termination two" letters, need to be processed and obsolete files should be closed.

Recommendation 66. Embassy Bucharest should review immigrant visa case files, establish a workplan to notify individuals with inactive visa applications and reduce the volume of inactive files. (Action: Embassy Bucharest)

IX. LIST OF RECOMMENDATIONS

Recommendation 1. The Department should monitor Embassy Bucharest's performance and, with written instructions addressing the post's responsiveness to the foreign affairs community and other agencies and its management style, provide closer supervision to it. The Department should stipulate a period for compliance with its instructions. (Action: EUR)

Recommendation 2. The Department should, by December 31, 1999, provide the Deputy Secretary and the Under Secretary for Political Affairs with an evaluation of Embassy Bucharest's effectiveness, morale, and operations and of its compliance with its instructions. If judged to be unsatisfactory, EUR should recommend that Department principals refer the matter to the White House. (Action: EUR, in coordination with D and P)

Recommendation 3. Embassy Bucharest should establish a structured junior officer program that provides individualized mentoring, counseling, and evaluation by the deputy chief of mission in compliance with 3 FAM 2242.4 guidance. (Action: Embassy Bucharest)

Recommendation 4. The Department should provide Embassy Bucharest with clear and firm guidance to streamline and simplify the Mission Performance Plan by reducing the number of activities and prioritizing objectives, eliminating the least important. (Action: EUR, in coordination with S/RPP, M/P, and Embassy Bucharest)

Recommendation 5. Embassy Bucharest should, on a semi-annual basis, review the outcome of Mission Performance Plan activities to eliminate those that do not result in the attainment of performance goals. (Action: Embassy Bucharest, in coordination with EUR)

Recommendation 6. Embassy Bucharest should include as an objective in its Mission Performance Plan promotion of the Strategic Partnership and devise and implement ways to advance bilateral cooperation through this presidential initiative. (Action: Embassy Bucharest)

Recommendation 7. Embassy Bucharest should reconstitute a country team of such composition and in such place as to make possible free and open discussion of policy issues. (Action: Embassy Bucharest)

Recommendation 8. Embassy Bucharest should develop and implement a post reporting plan that reflects end-user needs for information and analysis. (Action: Embassy Bucharest, in coordination with EUR)

Recommendation 9. Embassy Bucharest should ensure that the substance of the Ambassador's meetings with senior Romanian officials and political leaders is reported promptly to the Department by cable. (Action: Embassy Bucharest)

Recommendation 10. Embassy Bucharest should develop a post representation plan linked to the Mission Performance Plan. (Action: Embassy Bucharest)

Recommendation 11. Embassy Bucharest should request that the Foreign Service office management specialist position in the economic section be reestablished and filled in the next bidding cycle. (Action: Embassy Bucharest, in coordination with EUR and M/DGP)

Recommendation 12. Embassy Bucharest should not use child welfare program funds for purposes other than the achievement of established performance indicators. (Action: Embassy Bucharest)

Recommendation 13. Embassy Bucharest should rationalize the Mission Performance Plan (MPP) and Strategic Objective (SO) teams to reduce duplication of effort. MPP teams and SO teams with a common membership should be integrated into combined MPP/SO teams. (Action: Embassy Bucharest)

Recommendation 14. The Department, in coordination with USAID, should instruct the Ambassador not to engage in procurement activities delegated by regulation to the USAID contracting and grant officers and to strictly adhere to Federal contract and grant regulations. (Action: EUR, in coordination with L, A/OPE, and USAID)

Recommendation 15. Embassy Bucharest should form an interagency Commercial Action Group, to be chaired by the Ambassador, to review and coordinate U.S. Government assisted programs and initiatives with the Romanian Government and private entities. It should have a business development focus to ensure that embassy actions benefit U.S. exports and do not directly result in a net loss of jobs. (Action: Embassy Bucharest)

Recommendation 16. Embassy Bucharest's Commercial Action Group, once established, should track companies that request embassy assistance and for which the embassy is providing advocacy, noting the support provided, to ensure the advocacy program operates under U.S. Government policy guidelines. (Action: Embassy Bucharest)

Recommendation 17. Embassy Bucharest should include, as a Mission Performance Plan objective, working with Romanian authorities to obtain progress in the protection of intellectual property rights and compliance with its obligations under the Intellectual Property Rights Agreement. (Action: Embassy Bucharest)

Recommendation 18. USIA should send the office director or deputy director to Bucharest no later than the end of the first quarter of FY 2000 to evaluate the management of USIS Romania and consult with USIS staff members and the mission front office. (Action: USIA/EEN, or its successor organization after consolidation)

Recommendation 19. Embassy Bucharest should adhere to the International Visitors Program schedule for submission of nominations and program information; all embassy sections should participate in the selection process. (Action: Embassy Bucharest)

Recommendation 20. USIS Romania should establish a plan for the allotment of representation funds to its three officers, to be spent quarterly, and notify USIA of the amount needed. (Action: USIS Romania)

Recommendation 21. Embassy Bucharest should consult with the Department of Commerce regarding Commerce funding for the move of the Foreign Commercial Service operation to the USIS premises where it would be more visible and effective. (Action: Embassy Bucharest, in coordination with the Department of Commerce and USIS Romania)

Recommendation 22. USIS Romania should develop and implement an action plan to ensure frequent contact by relevant mission officers with returned participants in all USIS-administered exchange programs. (Action: USIS Romania, in coordination with Embassy Bucharest)

Recommendation 23. USIS Romania should develop a yearly travel plan for American officers and program Foreign Service nationals to ensure that target audience members, countrywide, are contacted and participate in USIS activities, including exchange programs. (Action: USIS Romania)

Recommendation 24. Embassy Bucharest should comply with 2 FAM 831.1-3 guidance and seek the Department's approval to publish and distribute the "Letter from Bucharest." (Action: Embassy Bucharest)

Recommendation 25. Embassy Bucharest should comply with the Consular Management Handbook and the Consular Best Practices Handbook guidance in establishing its program for responding to public inquiries. (Action: Embassy Bucharest)

Recommendation 26. Embassy Bucharest should seek Department approval and clearance for its Warden Liaison System concept. (Action: Embassy Bucharest, in coordination with CA, L, and EUR)

Recommendation 27. Embassy Bucharest should develop a consular emergency response plan for the non-official American community. (Action: Embassy Bucharest)

Recommendation 28. Embassy Bucharest should establish, fund, and fill an additional Foreign Service national position by FY 2000 for consular anti-fraud work. (Action: Embassy Bucharest, in coordination with CA, EUR, and M/DGP)

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

[-----

-----]

Recommendation 41. The Department should place such limitations as experience has shown to be advisable on Embassy Bucharest's use of its post allotment, particularly for such purposes as out-of-country travel and local hiring. (Action: EUR)

Recommendation 42. The Department should close Embassy Bucharest's branch office in Cluj-Napoca. (Action: EUR, in coordination with M)

Recommendation 43. The Department should reprogram political officer position number 10-083 and political/administrative assistant position number N12-001 to a post with greater need. (Action: EUR, in coordination with M/DGP)

Recommendation 44. Embassy Bucharest, before taking any other action, should obtain a legal opinion addressing the disposition of the money being held in the suspense deposit abroad account and seek the concurrence of the Department and USAID headquarters on a final resolution of the issue. (Action: Embassy Bucharest, in coordination with EUR, L, PER/OE and USAID Washington)

Recommendation 45. Embassy Bucharest should exercise the termination provisions of the Agreement to Lease signed 5 May 1998 with R.G. Welling and Associates. (Action: Embassy Bucharest, in coordination with A/FBO)

Recommendation 46. Embassy Bucharest should establish procedures to ensure that solicitations for residential housing are addressed only to reliable landlords and activities where land title will not be problematic. (Action: Embassy Bucharest)

Recommendation 47. Embassy Bucharest should revise the procedures of the Interagency Housing Board to require the maintenance and publication of minutes of meetings including the justifications for decisions taken. (Action: Embassy Bucharest)

Recommendation 48. Embassy Bucharest should revise its procedures for making housing assignments to eliminate the requirement for chief of mission agreement. The role of the chief of mission and the deputy chief of mission in the direct line of appeal should be delineated. (Action: Embassy Bucharest)

Recommendation 49. Embassy Bucharest should establish requirements for furniture and furnishings and submit revised budget requests to include funding for required replacements. (Action: Embassy Bucharest, in coordination with EUR/EX)

Recommendation 50. Embassy Bucharest in coordination with the Department should initiate necessary actions to make the expendable supply system fully operational. (Action: Embassy Bucharest, in coordination with A/LM)

Recommendation 51. The Department should complete procurement actions to provide Embassy Bucharest with the copiers (P.O. 8650-712749 - 97 State 185676) and transformers (99 State 018957) it ordered. (Action: A/LM/ACM/FSCP)

Recommendation 52. Embassy Bucharest should award maintenance contracts for custodial and gardening services. (Action: Embassy Bucharest)

Recommendation 53. Embassy Bucharest should establish printer requirements based on shared utilization and a greater use of lower cost printer options. Excess laser printers budgeted in the Mission Performance Plan should be canceled. Excess printers on hand should be disposed of in accordance with 6 FAM. (Action: Embassy Bucharest)

Recommendation 54. Embassy Bucharest should expand its responsibilities for pouch operations to include other agencies, review the distribution of airport ID badges and reassign them to those who can assist with pouch duties. (Action: Embassy Bucharest)

Recommendation 55. Embassy Bucharest should obtain guidance from the Department addressing actions to be initiated to normalize the status of the American school. (Action: Embassy Bucharest, in coordination with A/OS)

Recommendation 56. Embassy Bucharest should review the status of all possessors of diplomatic license plates for administrative and technical staff and withdraw those plates held by unauthorized individuals. (Action: Embassy Bucharest)

Recommendation 57. Embassy Bucharest should review the criteria for its designation as a consumables post and submit the required justification to the Department. (Action: Embassy Bucharest, in coordination with A/OPR/ALS)

Recommendation 58. Embassy Bucharest should establish procedures to terminate post differential payments when employees receiving the differential commence travel to the United States. (Action: Embassy Bucharest)

Recommendation 59. Embassy Bucharest in consultation with the Financial Service Center, Charleston should review payroll records and official travel documents for employees previously and presently assigned to Bucharest to determine if collection actions for improper differential payments are required. (Action: Embassy Bucharest, in consultation with FMP/EX)

Recommendation 60. Embassy Bucharest should establish procedures in both the general services office and the budget and fiscal unit to require review of descriptions of articles and services to be procured to determine that purchase orders are complete. (Action: Embassy Bucharest)

Recommendation 61. Embassy Bucharest should determine if a fiscal irregularity occurred in the order for office furniture (SORO100-98-M-1634) and initiate any necessary reporting action. (Action: Embassy Bucharest, in coordination with FMP/EX and EUR/EX)

Recommendation 62. Embassy Bucharest should revise and reduce the gratuity program presently in place. (Action: Embassy Bucharest)

Recommendation 63. [-----]
-----]; consular managers should spot-check records and performance for conformity with Chapter 6, Consular Management Handbook standards. (Action: Embassy Bucharest)

Recommendation 64. Embassy Bucharest should verify that accountable consular officers and staffers understand and apply the requirements for safeguarding consular fees; consular managers should spot check records and performance for conformity with Chapter 7, Consular Management Handbook standards. (Action: Embassy Bucharest)

Recommendation 65. Embassy Bucharest should review consular file holdings, comply with 9 FAM 42.83, Records Management Handbook and Consular Management Handbook file maintenance standards, and confirm ongoing consular

record maintenance in accord with those requirements. (Action: Embassy Bucharest)

Recommendation 66. Embassy Bucharest should review immigrant visa case files, establish a workplan to notify individuals with inactive visa applications and reduce the volume of inactive files. (Action: Embassy Bucharest)

X. PRINCIPAL OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Arrival Date</u>
Ambassador	James C. Rosapepe	2/98
Deputy Chief of Mission	M. Michael Einik	5/95
Chiefs of Section:		
Administrative	Ronna Pazdral	6/97
Consular	Stephen R. Pattison	8/97
Political/Economic	Carolyn R. Johnson	8/97
U.S. Information Service	Stephan Strain	8/97
Other Agencies:		
Department of Defense	Thomas Geary	8/97
Peace Corps	Jose M. Ralls	8/96
Commerce	Jeremy Keller	8/98
Legal Attaché	Charles Lewis	8/98
U.S. Agency for International Development	Peter Lapera	8/96

XI. LIST OF ABBREVIATIONS

A	Bureau of Administration
A/OPR/OS	Bureau of Administration, Office of Overseas Schools
ACF	Access Control Facility
ACO	Accountable consular officer
ACRS	Automated Cash Register System
ACS	American Citizens Services
A/FBO	Office of Foreign Buildings Operations, Bureau of Administration
ALMA	A Logical Modernization Approach
AISB	American International School of Bucharest
B&F	Budget and Fiscal Office
C-LAN	Classified Local Area Network
CA/EX	Bureau of Consular Affairs, Executive Office
CAO	Cultural affairs officer
CCTV	Closed Circuit Television
CMH	Consular Management Handbook
CBPH	Consular Best Practices Handbook
DCM	Deputy chief of mission
DS	Bureau of Diplomatic Security
EEN	Office of East European and Newly Independent States Affairs, USIA
EFT	Electronic Funds Transfer
EMR	Embassy Main Residence
EUR	Bureau of European Affairs
FAM	Foreign Affairs Manual
FCS	Foreign Commercial Service
FMP	Bureau of Finance and Management Policy
FSC	Financial Service Center
FSN	Foreign Service national
FSO	Foreign Service officer
GSO	General Services Office
IAHB	Interagency Housing Board
ICASS	International Cooperative Administrative Support Services
IDNS	Imminent Danger Notification System
INL	Bureau of International Narcotics and Law Enforcement Affairs
IO	Information officer
IPR	Intellectual Property Rights
IRC	Information Resource Center
IVG	International Voice Gateway
IVP	International Visitor Program
LES	Law Enforcement Section
M	Bureau of Management
M/DGP	Director General of Personnel

MOA	Manual of Operations and Administration, USIA
MPP	Mission Performance Plan
MRV	Machine-Readable Visa
MSG	Marine security guard
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NIV	Nonimmigrant visa
OECD	Organization for Economic Cooperation and Development
OIG	Office of Inspector General
OMS	Office management specialist
PAO	Public affairs officer
PER	Bureau of Personnel
PIT	Part-time, intermittent, temporary
PSA	Personal services agreement
PSC	Personal services contract
RAEF	Romanian American Enterprise Fund
REO	Regional Education Officer
RMH	Records Management Handbook
R4	Results Review and Resource Request
RSO	Regional Security Officer
SEED	Support for East European Democracy
SECI	Southeast European Cooperative Initiative
SEO	Security Engineering Officer
SME	Small and Medium Sized Enterprises
SO	Strategic Objective
SP	Strategic Partnership
SOF	State Ownership Fund
SRWF	Shatter-resistant window film
TDA	Trade and Development Agency
TDY	Temporary duty
TRIPS	Trade-Related Aspects of Intellectual Property Rights
USAID	U.S. Agency for International Development
USIA	U.S. Information Agency
USIS	U. S. Information Service
VVP	Visas Viper Program
WAE	When-Actually-Employed
WTMD	Walk-through metal detector
WTO	World Trade Organization
Y2K	Year 2000

FRAUD, WASTE, ABUSE OR MISMANAGEMENT
of Federal programs and resources
hurts everyone.

Call the Office of Inspector General
HOTLINE
202/647-3320
to report illegal or wasteful activities.
Collect calls accepted.

Or write to
Office of Inspector General Hotline
U.S. Department of State
Post Office Box 9778
Arlington, VA 22219

Cables to the Inspector General
should be slugged "OIG Channel -- State"
to ensure confidentiality.

~~SENSITIVE BUT UNCLASSIFIED~~ UNCLASSIFIED

~~SENSITIVE BUT UNCLASSIFIED~~ UNCLASSIFIED